

Corus Decor Private Limited: Upgraded

Name of the Instrument	Amount (Rs Crore)	Rating/Outlook
Cash Credit	0.67	SMERA B-/Stable (Upgraded from SMERA D)
Working Capital Term Loan	2.00	SMERA B-/Stable (Upgraded from SMERA D)
Term Loan	2.76	SMERA B-/Stable (Upgraded from SMERA D)

SMERA has upgraded the long term rating on the Rs.5.43 crore bank facilities of Corus Decor Private Limited (CDPL) to **'SMERA B-' (read as SMERA B minus)** from 'SMERA D' (read as SMERA D). The outlook is **'Stable'**.

The rating upgrade takes into account the timely repayment of debt obligations. However, the rating continues to factor in the below average financial risk profile marked by high gearing of 2.37 times and low Interest coverage (ICR) of 1.02 times as on March 31, 2015. The rating also reflects the company's short operational track record, stretched liquidity position and small-scale operations.

Update

For FY2014-15 (refers to financial year, April 01 to March 31), CDPL has incurred net loss of Rs.0.09 crore on operating income of Rs.0.87 crore as against net profit of Rs.0.04 crore on operating income of Rs.7.27 crore in FY2013-14.

CDPL's below average financial risk profile is reflected in the gearing of 2.37 times as on March 31, 2015. The company incurred net losses in FY2014-15 due to change in management and halt in the production activities. The return on capital employed (RoCE) was low at 1.17 per cent in FY2014-15. CDPL's leverage (total outside liabilities to tangible net worth ratio) fell to 2.91 times as on March 31, 2015 from 3.48 times a year earlier. The interest coverage ratio declined to 1.02 times in FY2014-15 from 1.66 times in FY2013-14.

Rating Sensitivity Factors

- Scaling up operations while achieving profitability
- Improvement in financial risk profile

Outlook-Stable

SMERA believes that the outlook for CDPL will remain 'Stable' over the medium term owing to the experienced promoters. The outlook may be revised to 'Positive' if the company achieves improvement in revenues, profit margins, capital structure and maintains its coverage indicators. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and profitability or deterioration in the capital structure.

Criteria applied to arrive at the rating:

- Manufacturing Entities

About the Company

CDPL, incorporated in 2010, is an Ahmedabad-based company engaged in the manufacture of paper-based decorative laminate sheets at Sanand, Gujarat.

For FY2014-15, the company reported profit after tax (PAT) of Rs. (0.09) crore on operating income of Rs.0.87 crore, as compared with net profit of Rs.0.04 crore on operating income of Rs.7.27 crore in FY2013-14. The net worth stood at Rs.3.62 crore as on March 31, 2015 as compared with Rs. 3.71 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Ratings	Rating Outlook
			Long Term	
12 May, 2015	Cash Credit	0.67	SMERA D (Suspension Revoked, Rating Assigned)	-
	Term Loan I	1.02	SMERA D (Suspension Revoked, Rating Assigned)	-
	Term Loan II	1.74	SMERA D (Suspension Revoked, Rating Assigned)	-
	Working Capital Term Loan	2.00	SMERA D (Assigned)	-
04 Dec, 2014	Cash Credit	3.50	SMERA B (Suspended)	Stable
	Term Loan I	2.15*	SMERA B (Suspended)	Stable
	Term Loan I	2.00	SMERA B (Suspended)	Stable
18 Nov, 2013	Cash Credit	3.50	SMERA B (Assigned)	Stable
	Term Loan I	2.15*	SMERA B (Assigned)	Stable
	Term Loan II	2.00	SMERA B (Assigned)	Stable

* Outstanding amount of Term Loan I as on September 05, 2013 is Rs.1.62 crore

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ABOUT SMERA

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