

August 18, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.30	SMERA A-/Stable (Reaffirmed)
Bank Guarantee	3.00	SMERA A2+ (Reaffirmed)
Letter of Credit	0.50	SMERA A2+ (Reaffirmed)

SMERA has reaffirmed the ratings of '**SMERA A-**' (read as SMERA A minus) and '**SMERA A2+**' (read as SMERA A two plus) on the Rs.6.80 crore bank facilities of Cori Engineers Private Limited (CEPL). The outlook is '**Stable**'. The ratings draw comfort from the company's strong market position, extensive experience of promoters in the gasket manufacturing industry and above-average financial risk profile marked by healthy net worth and strong debt protection metrics. However, the ratings are constrained by the susceptibility of the company's profitability to volatility in raw material prices.

Update

CEPL's revenues and operating profitability during FY2014-15 has been in line with SMERA's expectations. SMERA expects the company to maintain stable revenues and healthy operating profitability over the medium term. The strong operating profitability is driven by the company's long track record in the industry and its product application in niche and highly critical end user industry segments entailing high quality requirements. The ratings are also supported by the above-average financial risk profile marked by healthy capital structure and strong interest coverage ratio. The company's liquidity also remains strong marked by healthy cash accruals, absence of term debt obligations and negligible utilisation of working capital limits.

Outlook: Stable

SMERA believes CEPL will continue to benefit over the medium term from the long track record of the promoters in the industry. The outlook may be revised to 'Positive' in case the company registers strong growth in revenue while maintaining healthy profitability and improving the working capital management. The outlook may be revised to 'Negative' in case the company registers lower cash accruals, or deterioration in the working capital management leading to deterioration in the liquidity.

Rating Sensitivity Factors

- Improvement in scale of operation
- Deterioration in working capital management

About the Company

CEPL, established in 1982, is engaged in the manufacture of rubber bellows, anti-vibration mounts, rubber lining and industrial rubber gaskets. The company's operations are managed by R. V. Lakshmanan, Mr. R.K. Swamy, Mr. V. Balasubramanian and others.

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