



Press Release

Chanderpur Works Private Limited
December 09, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Bank Facilities- Long Term	30.88	IVR BBB-;Stable (IVR Triple B Minus)
2	Bank Facilities- Short Term	21.00	IVR A3 (IVR A Three)
3	Proposed Bank Facilities- Long term	1.12	IVR BBB-;Stable (IVR Triple B Minus)
	Total	53.00	

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Chanderpur Works Pvt Ltd derives comfort from extensive experience of promoters and diversified product profile, strong order Book position and stable revenues and moderate profitability margins. The rating also considers moderate average financial risk profile and working capital intensive nature of operations with elongation in operating cycle.

Key Rating Sensitivities:

Upward revision factors

- Growth in scale of operations with improvement in profitability, and cash on a sustained basis.
- Manage working capital requirements efficiently with improvement in liquidity position.

Downward revision factors

- Moderation in scale of operations or profitability impacting the liquidity profile
- Moderation in the capital structure with deterioration in overall gearing to more than 2.00x.
- Withdrawal of unsecured loan of Rs.2.74 Crore from the business.



Press Release

List of Key Rating Drivers with Detailed Description

- **Extensive experience of promoters and diversified product profile**

The Company has been present for more than five decades in the field of execution of turnkey engineering projects involving erection and manufacturing of machines, equipment and plant. This has enabled the management to establish strong relationships with vendors and customers. The top management at CWPL is supported by professionally qualified team having adequate experience in the industry.

- **Strong Order Book Position**

The Company has order book position of ~Rs.134 crore to be executed in FY21 and FY22, providing revenue visibility in near future. Further, with the diversified geographical presence of the company in India and abroad, the company will be in a better position to procure orders in future.

- **Stable revenues and moderate profitability margins**

The operating revenue of the company has increased by a CAGR of 27% in past two fiscal ending FY19 and stood at Rs. 83.68 crore from Rs. 51.52 crore in FY17 driven by entering into new equipment segment mainly for cement manufacturer. However in FY20 the operating revenue witnessed a marginal decline and stood at Rs. 82.74 crore due to lockdown imposed which resulted into delay in delivering some equipment. The profitability margins of the company remains moderate with EBITDA margin of 7.33% and Net margins at 1.60% in FY20.

B. Key Rating Weaknesses

- **Moderate average financial risk profile:**

Overall capital structure of the company remains moderate marked by Overall Gearing ratio (times) on net adjusted Tangible Net Worth at 1.25x as on March 31, 2020. The debt protection indicators like interest coverage are average at 1.97x in FY20 (1.96x in FY19).. Further, total indebtedness of the company as reflected by TOL/ATNW remained moderate at 2.93x as on March 31, 2020.

- **Working capital intensive nature of operations with elongation in operating cycle**



Press Release

CWPL's operations are working-capital intensive as the company is into specific turnkey projects according to the requirement of different clients. CWPL has to hold large raw material inventories equivalent to about four months requirements to avoid disruption in production. Considering the lead time involved in procurement, CWPL maintains adequate inventory of raw material. The average work in progress time stand at around 140-150 days.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

The liquidity profile of CWPL is expected to remain adequate marked by its expected satisfactory cash accrual of Rs.3.63 crore, Rs. 3.98 crore and Rs. 4.39 crore as against debt repayment obligation of Rs.1.17 Cr in FY21, Rs.0.83 Cr in FY22 and Rs.0.78 Cr in FY21, FY22 and FY23. Moreover, the company has current ratio at above 1.3 times and Cash Equivalents level of ~Rs.6.42 crore including FDR of Rs.5.26 Crore as on March 31, 2020. The average working capital utilisation of the company remained moderate at ~85% during the past 12 months ended September, 2020 indicating limited liquidity buffer. Further, the company has no planned capex or availment of long-term debt plan which imparts comfort.

About the compnay

A Flagship Company of the group (Chanderpur Group), existing since 1962, is a renowned Engineering and Machinery Manufacturing Base for Cement, Fertilizer, Mineral Processing, and Biomass Based Power Plants. CWPL take up the projects on EPC basis as well as supply individual equipments as per Clients preference.



Press Release

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	83.68	82.74
EBITDA	6.22	6.07
PAT	1.22	1.34
Total Debt	31.19	30.13
Tangible Net worth	19.94	21.32
EBITDA Margin (%)	7.44	7.33
PAT Margin (%)	1.44	1.60
Overall Gearing Ratio (x)^	1.38	1.25

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	15.00*	IVR BBB-/Stable	-	-	-
2.	Export Packing Credit	Long Term	13.00#	IVR BBB-/Stable			
3.	Term Loan	Long Term	2.88	IVR BBB-/Stable			
4.	Letter of Credit	Short Term	6.00	IVR A3	-	-	-
5.	Bank Guarantee	Short Term	4.00	IVR A3			
6.	Proposed Bank Facilities	Long Term	1.12	IVR BBB-/Stable			

* EPC/PCFC/PSC of Rs. 15.00 are the sublimit of CC facility.

CC/FDBP/FUDBP/FUDBP of Rs. 13.00 crore are the sublimit of PC facility.



Press Release

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Analyst:

Name: Mr. Karan Girdhar

Tel: (011) 2465 5636

Email: kgirdhar@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Long Term Bank Facilities- Packing Credit	-	-	-	13.00*	IVR BBB-/Stable
Long Term Bank Facilities- Packing Credit	-	-	-	15.00#	IVR BBB-/Stable
Long Term Bank Facilities- Term Loan	-	-	FY29	2.88	IVR BBB-/Stable
Short Term Bank Facilities- Letter of Credit	-	-	-	6.00	IVR A3
Short Term Bank Facilities- Bank Guarantee	-	-	-	15.00	IVR A3
Proposed Long Term Bank Facility	-	-	-	1.12	IVR BBB-/Stable

* EPC/PCFC/PSC of Rs. 15.00 are the sublimit of CC facility.

CC/FDBP/FUDPB/FUDBP of Rs. 13.00 crore are the sublimit of PC facility.