

June 15, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF CHEMTROLS INDUSTRIES LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	76.96 (enhanced from 55.95)	'CARE BBB+' (Triple B Plus)	Reaffirmed
Short-term Bank Facilities	123.00 (enhanced from 98.00)	'PR 2' (PR Two)	Reaffirmed
Total Facilities	199.96		

Rating Rationale

The ratings continue to derive strength from the promoter's significant experience in the industry, stable profitability margins, established and reputed client base, comfortable interest coverage ratio and order book size.

The ratings are however constrained by the limited financial flexibility on account of small networth and relatively higher gearing level, highly working capital intensive operations and inherent risks associated with the engineering and contracting business.

Timely execution of multiple orders, ability to bag new orders and efficient working capital management are the key rating sensitivities.

Company Profile

Chemtrols Industries Ltd. (CIL) was founded by Mr. K. Nandakumar in 1975. CIL is one of the leading solution providers in analytical systems, process instruments, environment monitoring, fire & gas detection system, terminal automation, flow metering & custody transfer, SCADA and automation systems. CIL offers a wide range of products and solutions for various industries that include Oil & Gas, Refineries, Petrochemicals, Chemical, Fertilizers, Electricity, Steel, Cement, Transportation and Renewable Energy.

In FY09, CIL reported a PAT of Rs.5.59 crore on the total income of Rs.208.90 crore. For the period 9MFY10, the company achieved PAT of Rs.7.62 crore on the total income of Rs.178.76 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Publications.

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