

July 15, 2024^(Revised)

Chowgule Industries Private Limited – Update on material event

Summary of ratings outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term / Short-term – Fund-based/ Non-fund-based – Working capital facilities	40.00	40.00	[ICRA]A (Stable)/[ICRA]A1
Total	40.00	40.00	

*Instrument details are provided in Annexure-1

Rationale

The Enforcement Directorate (ED) has conducted search operations over Chowgule and Company Private Limited (CCPL), Chowgule Steamship Ltd (CSL) and PP Mahatme & Company under the provisions of the Prevention of Money Laundering Act (PMLA). Further, seven residential premises searched by ED included those from the Chowgule family members, including their group-chartered accountant (CA) Pradip Mahatme, ex-MD and CFO Mangesh Sawant. As per the [news article](#), the search was related which revealed that these entities had created various offshore structures in which approximately US\$228 million were diverted from Indian companies over the years by routing it through multiple foreign subsidiaries and step-down subsidiaries based in Guernsey, UK and Marshall Islands. However, as per the management, the search was related to the complaint filed by CCPL towards Rudra Shipping (foreign entity).

ICRA has taken a note of the event and will keep monitoring for additional developments. The ratings remain unchanged at [ICRA]A (Stable)/[ICRA]A1. ICRA notes that discussions with the management, who have confirmed that there have not been any ED searches in Chowgule Industries Private Limited (and in Angre Port Private Limited, Chowgule Construction Chemicals Private Limited and Chowgule Lavgan Shiprepairs Private Limited. Further, there are no operational or financial linkages at present between the two-family groups Chowgule Industries Private Limited (CIPL) (and Angre Port Private Limited (APPL) and Chowgule Construction Chemicals Private Limited (CCCPL)) and Chowgule and Company Private Limited (CCPL) (which includes its subsidiaries (Chowgule Steamships Limited (CSL) and Chowgule Steamship Overseas Limited (CSOL)). In addition, both the family groups expect the memorandum of family settlement (MOFS) to conclude in the near term. However, ICRA does note that the investigation includes the period from FY2009-14 when Mr. Vijay Chowgule (current CIPL chairman) was the chairman of CCPL group.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities and key financial indicator: [Click Here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Automobile Dealers Rating Methodology for Port Rating Methodology for Chemical Industry
Parent/Group support	ICRA has consolidated the financials of CIPL and its group companies. CIPL, being the leading and the flagship company among the three, is unlikely to draw any significant support from its group companies. However, ICRA considers the likelihood of CIPL supporting its group companies high.

Consolidation/Standalone

Consolidation: For arriving at the ratings, ICRA has consolidated the financials of CIPL and its two group companies (as mentioned in Annexure-2).

About the company

Chowgule Industries Private Limited (CIPL) is a part of the 93-year-old, Goa-based Chowgule group of companies. CIPL was established in 1963 as a trading arm of the Chowgule Group and is currently involved in retailing cars for MSIL and CVs for VECV. CIPL has a diversified presence in West India with mainly owned showrooms in Pune, Satara, Sangli, Kolhapur (Maharashtra) and Goa. It also deals in spares as well as accessories for vehicles and provides servicing facilities to its customers. As of December 2022, CIPL had 52 outlets, including showrooms and workshops for Arena and Nexa (MSIL), True Value (pre-owned cars) and VECV (CV).

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2025)			Date & rating in FY2024	Chronology of rating history for the past 3 years			
			Date & rating in FY2025				Date & rating in FY2023		Date & rating in FY2022	
			Jul 15, 2024	Jun 07, 2024	May 31, 2024		-	Feb 20, 2023	Jan 30, 2023	Nov 01, 2021
1 Fund based/Non-fund based – Working capital limits	Long-term/short-term	40.00	[ICRA]A (Stable)/[ICRA]A1	[ICRA]A (Stable)/[ICRA]A1	[ICRA]A (Stable)/[ICRA]A1	-	[ICRA]A (Stable)/[ICRA]A1	[ICRA]A (Stable)/[ICRA]A1	[ICRA]A (Stable)/[ICRA]A1	
2 Unallocated limits	Long-term/short-term	0.00	-	-	-	-	-	[ICRA]A (Stable)/[ICRA]A1	[ICRA]A (Stable)/[ICRA]A1	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term/ Short-term – Fund Based / Non-Fund Based – Working Capital Limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term/short-term – Fund Based / Non-Fund Based – Working Capital Limits	NA	9.25%	NA	40.00	[ICRA]A (Stable)/[ICRA]A1

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership*	Consolidation Approach*
Angre Port Private Limited	-	Full Consolidation
Chowgule Construction Chemicals Private Limited	19%	Full Consolidation

Source: Company; *ICRA has fully consolidated the financials of Angre Port Private Limited and Chowgule Construction Chemicals Private Limited with CIPL on best effort basis, considering the extensive financial linkages over the past years including corporate guarantees, and inter-corporate deposits among the three companies

Corrigendum

Rationale dated July 15, 2024, has been corrected with revision as detailed below:

Change made in the section 'Rationale' on page no. 01.

Spelling of the companies rectified to Chowgule Construction Chemicals Private Limited, Chowgule Steamships Limited and Chowgule Steamship Overseas Limited.

Change made in the section 'Annexure II: List of entities considered for consolidated analysis' on page no. 03.

Earlier: Ownership for Angre Port Private Limited and Chowgule Construction Chemicals Private Limited was mentioned as 100%
Revised: Ownership for Angre Port Private Limited mentioned as '-' and for Chowgule Construction Chemicals Private Limited as '19%'. Further, the following note has been added – 'ICRA has fully consolidated the financials of Angre Port Private Limited and Chowgule Construction Chemicals Private Limited with CIPL on best effort basis, considering the extensive financial linkages over the past years including corporate guarantees, and inter-corporate deposits among the three companies'

Earlier Corrigendum

Rationale dated July 15, 2024, has been corrected with revision as detailed below:

Change made in the section 'Rationale' on page no. 01.

'ICRA notes that discussions with the management, who have confirmed that there have not been any ED searches in Chowgule Industries Private Limited (and in Angre Port Private Limited, Chowgule Construction Chemicals Private Limited and Chowgule Lavgan Shiprepairs Private Limited. Further, there are no operational or financial linkages at present between the two-family groups Chowgule Industries Private Limited (CIPL) (and Angre Port Private Limited (APPL) and Chowgule Construction Chemical Private Limited (CCCPL)) and Chowgule and Company Private Limited (CCPL) (which includes its subsidiaries (Chowgule Steamships Limited (CSL) and Chowgule Steamship Overseas Limited (CSOL)).'

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