

Press Release

Industrial Technical Consultant

May 23, 2017

Rating Assigned (Suspension Revoked)

Total Bank Facilities Rated	Rs13.00crore
Short Term Rating	SMERA A4 (Assigned)

Rating Rationale

SMERA has assigned a short term rating of '**SMERA A4' (read as SMERA A four)** to the Rs.13.00 crore bank facility of Industrial Technical Consultant (ITC).

Industrial Technical Consultant (ITC), established in 2000, is a Chhattisgarh based partnership firm engaged in providing consultancy services and undertaking turnkey projects of steel and power sector plants. The day to day operations of the firm are managed by Mr. S Narayana and Ms. Kavita Sharma.

Strengths

Experienced management: ITC's business risk profile is supported by its experienced management. Mr. S Narayana and Ms Kavita Sharma (Partners) have over 25 years of experience in the said line of business.

Moderate Financial Risk profile: ITC has moderate financial risk profile marked by gearing of 1.21 times as on March 31, 2016. TOL/TNW stands high at 4.48 times as on March 31, 2016 as against 3.82 times as on March 31, 2015. The interest coverage ratio is healthy at 3.65 times for FY2015-16.

Healthy Order book position: ITC's business risk profile is supported by healthy order book position. The firm has 3 turnkey projects of sponge iron plant and steel plant of about Rs.372 crores which has to be executed by 2022.

Weaknesses

Uneven revenues: ITC's revenues are uneven during the period under study due to project based business. Revenues stood at Rs. 54.44 cr for FY2015-16 as against Rs. 10.25 cr for FY2014-15. Further, for FY2016-17, the firm booked revenues of Rs. 46.28 cr (provisional).

Presence in a highly fragmented nature of industry and stiff competition: ITC faces stiff competition from other integrated players in the civil construction consultancy industry who undertake large projects on consulting. Further, there are several organised and unorganised players in the consulting business.

Analytical approach: Standalone business and financial risk profile of the company

Applicable Criteria

- Service Entities : <https://www.smera.in/criteria-services.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

About the rated entity – key financials

Industrial Technical Consultant (ITC), established in 2000, is a Chhattisgarh based partnership firm engaged in providing consultancy services and undertaking turnkey projects of steel and power sector plants. The day to day operations of the firm are managed by Mr. S Narayana and Ms. Kavita Sharma.

For FY2015-16, ITC reported a PAT of Rs.1.00 crore on an operating income of Rs.54.44 crore as against PAT of Rs.0.84 crore on an operating income of Rs.10.25 crore for FY2014-15. The net worth stood at Rs8.76 crore as on March 31, 2016 against Rs.4.19 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Packing Credit	ST	13.00	SMERA A4 (Assigned)	28 December, 2016	SMERA A4 (Suspension)	26 October, 2015	SMERA A4 (Assigned)	NA	NA

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Packing Credit	N.A	N.A	N.A	13.00	SMERA A4 (Assigned)

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