

Press Release

Intech Safety Private Limited (ISPL)

25 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.15.00 Cr
Long Term Rating	SMERA BB-/Stable (Assigned)
Short Term Rating	SMERA A4+ (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (**read as SMERA double B minus**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.15.00 crore bank facilities of Intech Safety Private Limited (ISPL). The outlook is '**Stable**'.

ISPL is engaged in the manufacture of safety equipments such as respiratory masks, protective suits, vests, industrial safety helmets among others.

List of key rating drivers and their detailed description

Strengths:

Experienced management and long track record of operations: ISPL was promoted by Mr. Gautam Gupta and family. The promoters have two decades of experience in the industry.

Moderate financial risk profile: The moderate financial risk profile is marked by moderate gearing, high interest coverage ratio and NCA/TD. The debt equity stands at 1.69 times and interest coverage at 2.20 times in FY2016. Moreover, NCA/TD is at 0.17 times in FY2016. The networth is low at Rs.2.04 crore in FY2016.

Weaknesses:

Modest scale of operations: The company has modest scale of operations marked by revenue of Rs.19.46 crore in FY2016 compared to Rs.26.47 crore in FY2015.

Working capital intensive operations: The operations are working capital intensive marked by high gross current asset days of 97 in FY2016. The debtor days are at 54 and creditor days at 79 in FY2016. The bank limit utilisation has been 80 per cent in the last six months ending December 2016.

Market competition: ISPL faces intense market competition from other organised and unorganised players in the industry.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

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

Outlook: Stable

SMERA believes that ISPL will maintain a stable outlook over the medium term owing to its promoters' extensive experience in the industry. The outlook may be revised to 'Positive' if ISPL achieves more than envisaged sales and profitability while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve growth in revenue and the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity

Incorporated in 2003, ISPL was promoted by Mr. Gautam Gupta and family. The company manufactures respiratory masks, protective suits, vests among others as also self-rescuing equipment for the mining industry.

For FY2015-16, the company reported Profit After Tax (PAT) of Rs.0.32 crore on total operating income of Rs.19.46 crore as compared to PAT of Rs.0.44 crore on total operating income of Rs.26.47 crore in FY2014-15.

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
Cash Credit	LT	0.85	SMERA BB-/Stable (Assigned)	-	-	-	-	-	-
Proposed Long Term	LT	6.98	SMERA BB-/Stable (Assigned)	-	-	-	-	-	-
Bank Guarantee	ST	5.17	SMERA A4+ (Assigned)	-	-	-	-	-	-
Proposed Short Term	ST	2.00	SMERA A4+ (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	N.A	N.A	N.A	0.85	SMERA BB-/Stable (Assigned)
Proposed Long Term	N.A	N.A	N.A	6.98	SMERA BB-/Stable (Assigned)
Bank Guarantee	N.A	N.A	N.A	5.17	SMERA A4+ (Assigned)
Proposed Short Term	N.A	N.A	N.A	2.00	SMERA A4+ (Assigned)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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