

## Press Release

**Kataline Infraproducts Private Limited (KIPL)**

05 February, 2018



**Rating Assigned**

<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook:Stable
<b>Short Term Rating</b>	SMERA A3

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as SMERA triple B minus) and short term rating of '**SMERA A3**' (read as SMERA A three) on the Rs. 10.00 crore bank facilities of Kataline Infraproducts Private Limited (KIPL). The outlook is '**Stable**'.

Kataline Infraproducts Private Limited (KIPL) was established in the year of 2000 by Mr. Amit Thatte. The company is engaged in manufacturing of road marking paints such as thermo plastic paint and cold plastic paints with an installed capacity of 400 TPD and 30 TPD respectively. The manufacturing facility is located in Nagpur, district of Maharashtra.

### Key Rating Drivers

#### Strengths

- **Experienced management and long track record of operation**

KIPL has established in 2000 and since then has been engaged in manufacturing of road marking paints. The director of the KIPL, Mr. Amit Thatte has an experience of almost two decades in same line of business.

- **Healthy financial risk profile**

The financial risk profile of the company is healthy marked by moderate net worth, comfortable gearing and healthy debt protection measures. KIPL has a moderate net worth base of Rs 8.66 crs as on 31st March'2017 as compared to Rs.6.66 crore in FY2016, this is mainly on account of retention of current year profit. The gearing of the company stood comfortable at 0.55 times in FY2017 as compare to 1.27 times in previous year, comfortable interest coverage ratio (ICR) of 3.49 times and comfortable debt service coverage ratio (DSCR) of 2.21 times as on 31st March 2017. The net cash accrual against the total debt (NCA/TD) has increased and stands comfortable at 0.46 times in FY2017 as compare to 0.25 times in previous year. The total debt profile of Rs 4.80 crs consists of term loans of Rs 0.79 crs, unsecured loans Rs 1.75 crs, and cash credit of Rs 2.26 crs.

- **Healthy profit margin**

Operating margins increased and stands comfortable at 10.32 per cent in FY 2017 as compare to 7.94 per cent in FY 2016, mainly due to decrease in raw material cost and improvement in R&D activities, which helped to streamline process loss. Net profitability remains comfortable at 4.06 per cent in FY2017 as compared to 3.82 per cent for FY 2016. This is mainly due to decrease in finance cost due to low utilization of cash credit.

## Weaknesses

- **Moderate scale of operation**

KIPL revenue stood moderate at Rs. 49.34 crore in FY 2017 against Rs. 52.53 crore in FY 2016. The company has reported revenue of Rs.40.96 crore as on 31st December 2018 (Provisional).

- **Working capital intensive nature of operation**

The company's operations are working capital intensive in nature as reflected in gross current assets (GCA) of 133 days in 2016-17, increased from 131 days in 2015-16. These high GCA days emanate from collection period of 120 days in FY17. The company's operations are expected to remain capital intensive, as the company is engaged in manufacturing of road paint, which are used in infrastructure industry, which leads to a high collection period.

## Analytical Approach

SMERA has considered the standalone business and financial risk profile of KIPL.

## Outlook: Stable

SMERA believes KIPL will maintain a stable business risk profile in the medium term on account of its experienced management and established operational track record. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining better profit margins and improves its working capital management. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	49.34	52.53	37.88
EBITDA	Rs. Cr.	5.09	4.17	1.98
PAT	Rs. Cr.	2.00	2.01	0.64
EBITDA Margin	(%)	10.32	7.94	5.24
PAT Margin	(%)	4.06	3.82	1.68
ROCE	(%)	34.40	34.17	35.57
Total Debt/Tangible Net Worth	Times	1.39	2.33	3.38
PBDIT/Interest	Times	3.49	3.00	2.09
Total Debt/PBDIT	Times	0.94	1.82	3.16
Gross Current Assets (Days)	Days	133	131	166

## Status of non-cooperation with previous CRA (if applicable)

NA

## Any other information

NA

## Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>

## Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Not Applicable

### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA BBB-/Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	0.63	SMERA BBB-/Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.25	SMERA A3
Letter of credit	Not Applicable	Not Applicable	Not Applicable	4.00	SMERA A3
Proposed Short Term	Not Applicable	Not Applicable	Not Applicable	0.62	SMERA A3

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### ABOUT SMERA

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