



**Press Release**  
**Kataline Infraproducts Private Limited**  
**October 12, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.00	ACUITE BBB+   Positive   Reaffirmed   Stable to Positive	-
Bank Loan Ratings	15.50	-	ACUITE A2   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	23.50	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.23.50 Cr bank facilities of Kataline Infra Products Private Limited (KIPPL). The outlook is revised to '**Positive**' from '**Stable**'.

**Rationale for Rating**

The revision in outlook is due to consistent improvement in KIPPL's operating and financial risk profile marked by comfortable net cash accruals and largely equity funded capital structure. The operating income of the company improved to Rs.163.24 Cr in FY23 as against Rs.136.71 Cr in FY22 and Rs.96.65 Cr in FY21 due to increase in volume of orders from the existing customers and addition of new customers. Also, the growth in operating income is driven by overall growth of the end user industry. The operating margins have recorded an improving trend as it ranged between 11.13-12.08 percent over the last three years ended FY2023. The outlook revision also factors in the ongoing capex of the company to double its existing thermoplastic resins manufacturing capacity from 6 Cr MTPA to 12 Cr MTPA in FY2024. Apart from the increased scale of operations, the company is expected to benefit from the cost efficiencies post the completion of capex. Thus, timely completion of capex without significant cost overruns will be a key rating monitorable along with the company's ability to improve its scale of operations and profitability while maintaining its capital structure.

**About the Company**

Kataline Infra Products Private Limited (KIPPL) is a Maharashtra based company incorporated in the year 2008 by Mr. Amit Thatte, and Mrs. Ketki Thatte. The company is engaged in manufacturing of road marking materials, such as thermo-plastic paints and cold paints. It has its manufacturing unit located in Nagpur, Maharashtra.

**Standalone (Unsupported) Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of KIPPL to arrive at this rating

**Key Rating Drivers**

## **Strengths**

Established track record of operations and experienced management

Incorporated in the year 2008, KIPPL is promoted by Mr. Amit Thatte and Mrs. Ketki Thatte. The promoters have been associated with the Road Marking industry for more than a decade. Their extensive experience has helped the company to maintain a healthy relationship with its customers and suppliers. The key customers of the company have no major concentration in revenues. The company has reputed clientele including the names like KMGs Road Signs Private Limited, Ashoka Buildcon Limited, Apco Infratech Private Limited to name a few. On the back of stable and repeated orders, the operating income of the company has increased by approx. 19 percent year on year to Rs.163.24 Cr. in FY2023 as against Rs.136.71 Cr. in FY2022. Further, the company has already achieved Rs.65 cr. till September 2023 and is targeting a revenue of around Rs.180-185 Cr. for FY2024.

Acuité believes that the company will benefit from its experienced management, long track of operations and their long standing relationships with reputed customers and suppliers.

### **Healthy financial risk profile**

KIPPL's financial risk profile is healthy marked by moderate net worth, low gearing and comfortable debt protection metrics. The net worth increased to Rs. 53.54 Cr. in FY23 as against Rs. 41.14 Cr in FY22. The improvement in net worth in FY23 is due to accretion of profits to reserves. The company's total debt stood at Rs. 0.24 crore as on March 31, 2023 as against Rs. 2.22 crore as on March 31, 2022. The total debt of Rs. 0.24 crore as on March 31, 2023, includes interest-free unsecured loans from the director. The average bank limit utilisation for fund-based limits for the past six months ending July 2023 is approx. 4%. The company has LC facility of Rs. 6 Cr out of which Rs. 1.04 Cr is utilised i.e., ~20% as of October 2023. The company has a BG facility of Rs.3.50 Cr out of which Rs. 1.21 Cr is utilised i.e., ~40% as of October 2023. Generally, the company's average non-fund-based limits utilization is around ~70% of the sanctioned amount. The company's overall gearing stood NIL as on March 31, 2023 as against 0.05 times as on March 31, 2022. The TOL/TNW improved to 0.50 times as on March 31, 2023 as against 0.70 times as on March 31, 2022. The ICR improved to 53.51 times in FY23 as against 25.25 times in FY22. The DSCR improved to 19.27 times in FY23 as against 13.28 times in FY22. The NCA/TD improved to 58.24 times in FY23 as against 5.73 times in FY22. The ICR, DSCR and NCA/TD improved in FY23 due to increase in net profit in absolute term.

Acuite believes the financial risk profile of the company will continue to remain healthy on account of its healthy revenue growth backed by healthy cash accruals and no debt funded capex in near to medium term.

### **Weaknesses**

#### **Working Capital Moderately Intensive Operations**

The working capital management of the company is moderately intensive marked by GCA days of 146 days in FY2023 as against 165 days in FY2022. The GCA days are driven by debtor and inventory days. The debtor days stood at 87 days in FY2023 as against 91 days in FY2022. The company offers a credit period of 60-90 days to old distributors. New distributors are added on either 100% LC terms or 100% advance payment. The creditor days stood at 53 days in FY2023 as against 76 days in FY2022. The company imports a certain quantum of its raw material requirement and balance is procured domestically. It receives a credit period of 90-120 days from its suppliers. The inventory holding period of the company stood at 32 days in FY2023 as against 23 days in FY2022. The average inventory holding period is around 90 days. The company's general practice is to stock raw material when the prices are low. Despite moderately working capital-intensive nature of operations, the utilization of working capital limits almost stood low at ~4% for the past 6 months ended July 2023.

Acuite believes that the working capital management to remain moderately intensive over the medium term.

### **Rating Sensitivities**

- Sustaining the growth in scale of operations while maintaining the profitability margins and capital structure.
- Ability to maintain the working capital cycle.
- Timely completion of ongoing capex

### **All Covenants**

### **Liquidity Position**

#### **Strong**

The company's liquidity position is strong marked by sufficient net cash accruals against its maturing debt obligations. The company has net cash accruals in the range of Rs.7.71-13.71 Crore from FY 2021- 2023 against its maturing debt obligations in the range of Rs.0.32-0.35 crore in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.17.44-19.62 crore. The company has moderately working capital-intensive nature of operations but the company is not significantly dependent on the working capital borrowings from the bank. The average bank limit utilisation for fund-based limits for the past six months ending July 2023 is approx. 4%. The company has LC facility of Rs. 6 Cr out of which Rs. 1.04 Cr is utilised i.e., ~20% as of October 2023. The company has a BG facility of Rs.3.50 Cr out of which Rs. 1.21 Cr is utilised i.e., ~40% as of October 2023. Generally, the company's average non-fund-based limits utilization is around ~70% of the sanctioned amount. The company maintains unencumbered cash and bank balances of Rs.4.65 crore as on March 31, 2023. The current ratio stands at 2.61 times as on March 31, 2023 as against 2.30 times as on March 31, 2022.

Acuité believes that the liquidity of KIPPL is likely to remain strong over the medium term on account of sufficient net cash accruals against its maturing debt obligations.

### **Outlook: Positive**

KIPPL's outlook is 'Positive' on account of consistent improvement in KIPPL's operating and financial risk profile marked by comfortable net cash accruals and largely equity funded capital structure. The rating may be upgraded if the company is able to successfully complete the ongoing expansion project without significant time and cost overruns leading to improvement in scale of operations. Conversely, the outlook may be revised to 'Stable' in case of delays in completion of their ongoing projects or lower-thanexpected growth in revenues and profitability or in case of deterioration in the company's financial risk profile or significant elongation in working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	163.24	136.71
PAT	Rs. Cr.	12.40	12.08
PAT Margin	(%)	7.60	8.83
Total Debt/Tangible Net Worth	Times	0.00	0.05
PBDIT/Interest	Times	53.51	25.25

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Jul 2022	Proposed Bank Facility	Short Term	0.50	ACUITE A2 (Assigned)
	Bank Guarantee	Short Term	3.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	0.50	ACUITE A2 (Reaffirmed)
	Proposed Bank Facility	Long Term	2.50	ACUITE BBB+   Stable (Reaffirmed)
	Bills Discounting	Short Term	3.00	ACUITE A2 (Assigned)
	Term Loan	Long Term	2.00	ACUITE BBB+ (Withdrawn)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Reaffirmed)
	Letter of Credit	Short Term	2.00	ACUITE A2 (Assigned)
01 Jul 2022	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Proposed Bank Facility	Long Term	0.50	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Letter of Credit	Short Term	4.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Term Loan	Long Term	2.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Bank Guarantee	Short Term	0.50	ACUITE A2 (Upgraded from ACUITE A3+)
07 Apr 2021	Proposed Bank Facility	Long Term	0.50	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee	Short Term	0.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Term Loan	Long Term	2.00	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
03 Jan 2020	Proposed Bank Facility	Short Term	9.87	ACUITE A3 (Upgraded from ACUITE A4+)
	Proposed Bank Facility	Long Term	5.13	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	3.50	ACUITE A2   Reaffirmed
HDFC Bank Ltd	Not Applicable	Bills Discounting	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A2   Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BBB+   Positive   Reaffirmed   Stable to Positive
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE A2   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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