

## Press Release

### INTEGRITY MINING CORPORATION PRIVATE LIMITED

February 06, 2018



#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 9.00 Cr.
<b>Long Term Rating</b>	SMERA BB / Outlook: Stable

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) on the Rs. 9.00 crore bank facilities of INTEGRITY MINING CORPORATION PRIVATE LIMITED. The outlook is '**Stable**'.

Integrity Mining Corporation Private Limited (IMCPL) promoted by Mr. Uday Bhaskar and Ms. Garikapati Swetha was incorporated in 2013. The company is engaged in the trading of laterite Granite Eucalyptus Wood and is also into prawn culture. The storage facilities are located at Orissa. The procurement of laterite is done locally from mines in Vishakapatnam while granite is procured from Warangal and Khammam, Telangana and exported to China.

#### Key Rating Drivers

##### Strengths

- **Improvement in revenues Y-O-Y**

IMCPL has registered CAGR growth of 212 percent from FY2015 to FY2017 with revenue of 28.89 crore in FY2017, Rs.4.37 crore in FY2016 and Rs. 0.31 crore in FY2015. The company registered revenue of Rs.20.00 crore from April to December 2017 and has an healthy order book of Rs.64. crore of which approximately Rs.12-15 crore is expected to be booked till March 2018.

- **Reputed clientele**

The company caters to reputed players in the cement and paper industry namely Vedanta Limited, Sagar Cements, Ultratech Cements, JK Paper Limited among others.

##### Weaknesses

- **Nascent stage of operations**

Operations commenced in FY2015. SMERA believes that the company's ability to scale up operations will remain crucial in maintaining a stable credit risk profile.

- **Moderate financial risk profile**

IMCPL has moderate financial risk profile marked by gearing of 1.37 times for FY2017 compared to 2.01 times in FY2016. The Interest Coverage ratio stood at 4.18 times in FY2017 as against 6.96 times in the previous year. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.83 times as on 31 March 2017 as against 2.32 times as on 31 March 2016. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.20 times in FY2017 as against 0.15 times in FY2016. The Total Debt of Rs.4.84 crore consists of working capital borrowings. The company has no long term debts. SMERA believes that the company will maintain its comfortable financial risk profile in the absence of major debt funded expansion plan and moderate working capital requirements.

- **Uneven margins**

The profitability margins were inconsistent from FY2015-17. The EBITDA margin stood at 5.72 percent in FY2017 as against 28.33 percent in FY2016 and 9.62 percent in FY2015.

## Analytical Approach

SMERA has considered the standalone business and financial risk profiles of IMCPL to arrive at the rating.

## Outlook: Stable

SMERA believes that IMCPL will maintain a 'Stable' outlook over the medium term on account of its healthy improvement in revenues. The outlook may be revised to 'Positive' if the company registers higher than expected revenue and liquidity position while maintaining its profitability margins. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and profitability or higher than expected debt funded working capital requirement leading to strain on its debt servicing ability.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	28.89	4.37	0.31
EBITDA	Rs. Cr.	1.65	1.24	0.03
PAT	Rs. Cr.	0.80	0.67	0.02
EBITDA Margin	(%)	5.72	28.33	9.62
PAT Margin	(%)	2.78	15.31	6.61
ROCE	(%)	22.88	33.38	11.03
Total Debt/Tangible Net Worth	Times	1.37	2.01	0.00
PBDIT/Interest	Times	4.18	6.96	24.47
Total Debt/PBDIT	Times	2.57	3.71	0.00
Gross Current Assets (Days)	Days	102	631	868

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

None

## Any other information

None

## Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument

<https://www.smera.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
Overdraft	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA BB / Stable

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## ABOUT SMERA

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