

Press Release

NTB International Private Limited (NTBIPL)

05 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 10.95 Cr.
Long Term Rating	SMERA B+ / Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the above mentioned Rs. 10.95 crore bank facilities of NTB International Private Limited (NTBIPL). The outlook is '**Stable**'.

The Pune-based, NTB International Private Limited, established in 1984 manufactures high precision industrial ceramics, conveyor belts, modular conveyors, automation systems among others.

List of key rating drivers and their detailed description

Strengths

Established track record of operations and experienced management

NTBIPL was established in 1984. The promoters, Mr Kamal Kishore Kacholia, Ms Manju Kamal Kishore Kacholia and Mr Vinod Kumar Somani have over three decades of experience in the said line of business. The extensive experience of the promoters has enabled the company establish healthy relations with suppliers and benefit from repeat orders.

Diversified product and customer profile

NTBIPL has a diversified product range which includes ceramic products, power transmission and conveyance belts used for conveyance and transportation of industrial goods. The company has recently ventured into diamond cutting products too. The products are used for grinding and polishing diamonds.

Weaknesses

Moderate scale of operations

NTBIPL has moderate scale of operations marked by operating income of Rs.21.61 crore for FY2017 as against Rs. 17.98 crore in FY2016 and Rs.18.44 crore in FY2015.

Thin profitability

The company has low profitability marked by operating margin of 9.24 percent and PAT (Profit after tax) of 0.80 percent for FY2017 as against 10.45 percent and PAT of 0.03 percent in FY2016.

Average financial risk profile

NTBIPL has average financial risk profile marked by gearing (Debt-to-equity) of 1.00 times as on 31 March, 2017 as against 0.82 times as on 31 March, 2016. The total debt mainly comprises working capital borrowings and unsecured loan raised through promoters. The ICR (Interest coverage ratio) stood at 2.07 times for FY2017 as against 1.63 times for FY2016. Further, the tangible networth stood at Rs.13.81 crore as on 31 March, 2017 (Tangible networth includes subordinated quasi equity of Rs.5.84 cr for FY2017)

Working capital intensive operations

NTBIPL has working capital intensive operations marked by GCA (Gross Current Assets) of 310 days for FY2017 as against 365 days for FY2016. This is mainly on account of inventory days of 242 and debtor days of 66 for FY2017. The working capital cycle days stood at 192 for FY2017 and 215 days for FY2016. Further, utilization of working capital borrowings stood at 100.00 percent for the last six months.

Analytical approach:

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

Outlook – Stable

SMERA believes that the outlook of NTBIPL will remain stable over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company is able to increase its scale of operations while maintaining healthy profitability. Conversely, the outlook may be revised to Negative in case of decline in revenues and further deterioration in the financial profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	21.61	17.98	18.44
EBITDA	Rs. Cr.	2.00	1.88	1.97
PAT	Rs. Cr.	0.17	0.07	0.02
EBITDA Margin	(%)	9.24	10.45	10.68
PAT Margin	(%)	0.80	0.03	0.03
ROCE	(%)	4.44	5.39	5.65
Total Debt/Tangible Net Worth	Times	1.30	1.12	1.27
PBDIT/Interest	Times	2.07	1.63	1.67
Total Debt/PBDIT	Times	6.69	5.83	5.15
Gross Current Assets (Days)	Days	310	365	360

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

Not Applicable

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA B+/ Stable
Term Loans	Not Applicable	Not Applicable	Not Applicable	2.75	SMERA B+/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	0.10	SMERA A4
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.60	SMERA A4

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 Email: suman.chowdhury@smera.in	Varsha Bist Manager Rating Desk Tel: 022-67141160 Email: varsha.bist@smera.in
Bhanupriya Khandelwal, Rating Analyst, Tel: +91-22-6714 1131 Email: Bhanupriya.khandelwal@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.