

Press Release

NTB INTERNATIONAL PRIVATE LIMITED

February 18, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 15.05 crore
Long Term Rating	ACUITE BB- (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) on the bank facilities of Rs. 15.05 crores for NTB INTERNATIONAL PRIVATE LIMITED (NTB).

The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

Established in 1984, NTB International Private Limited (NTB) is a Pune-based company engaged in manufacturing of high precision industrial ceramics, conveyor belts, modular conveyors, automation systems among others. The company is managed by its promoters, Mr. Kamal Kishore Kacholia, Mrs. Manju Kamal Kacholia and Mr. Vinod Kumar Soman.

Analytical Approach

Acuité has considered standalone business and financial risk profile of NTB to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

NTB IPL was established in 1984. It is managed by its promoters, Mr. Kamal Kishore Kacholia, Mrs. Manju Kamal Kacholia and Mr. Vinod Kumar Soman who has 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 customers evident from the repetitive orders that the company gets from its customers.

Acuité believes that the established track record of the company along with experience of the promoters will be beneficial in the long run.

- **Improvement in scale of operations**

The company has reported revenue growth with compounded annual growth rate (CAGR) of around ~8.18 percent through the last three years ended 31 March, 2019. The company reported revenue growth of ~33.18 percent with operating income of Rs.25.29 crore in FY2019 as against operating income of Rs.18.99 crore in FY2018. Further, the operating margins of the company stood at 12.98 percent in FY2019 as against 12.75 percent in FY2018. Profit after Tax (PAT) margins increased to 1.34 per cent in FY2019 from 0.46 per cent in FY2018.

Acuité believes that the scale of operations and profitability will improve further due to growth in export business.

Weaknesses

• Intensive working capital operations

The working capital of NTB is intensive in nature marked by high Gross Current Asset (GCA) days of 299 for FY2019 as against 341 in the previous year. This is on account of high inventory days which stood at 238 for FY2019 as against 279 for FY2018, further debtor days stood at 79 in FY2019 as against 88. However, the reliance on working capital facility is high, its utilization is around ~80 percent on an average for last 6 months ending September, 2019.

Acuité believes that the working capital requirements will continue to remain intensive over the medium term on account of higher inventory levels to be maintained. This is due to the wide range of products been manufactured by the company.

• Above average financial risk profile

The financial risk profile is above average marked by moderate net worth and debt protection measures and high gearing. The net worth of the company is moderate at Rs.14.23 crore as on 31 March 2019 as against Rs.13.89 crore as on 31 March 2018. The gearing (debt to equity) of the company marginally deteriorated to 1.16 times as on March 31 2019 from 1.07 times as on March 31 2018. Total debt of Rs.16.55 crore consists of term loan of Rs.2.30 crore, unsecured loans of Rs.2.56 crore and working capital facility of Rs.11.69 crore as on 31 March 2019. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood moderate at 1.52 times as on 31 March 2019 as against 1.34 times as on 31 March 2018. Interest Coverage Ratio (ICR) stood at 1.88 times in FY2019 as against 1.99 times in FY2018. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.09 times as on 31 March 2019 as against 0.08 times as on 31 March 2018. Debt Service Coverage Ratio (DSCR) stood at 1.88 times in FY2019 as against 1.99 times in FY2018.

Acuité believes the company will maintain above average financial risk profile in absence of any debt funded capex plan.

Liquidity Position - Adequate

NTB has adequate liquidity marked by net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.1.54 crore in FY2019 as against Rs.1.24 crore in FY2018 and Rs.1.06 crore in FY2017, while its maturing debt obligation was around Rs.0.46 crore for FY2019, FY2018 and FY2017. The company's working capital operations are intensive as marked by high gross current asset (GCA) days of 299 in FY2019. Further, the reliance on working capital borrowings is high, the cash credit limit in the company remains utilized at ~80 percent during the last 6 months' period ended September, 2019. The company maintains unencumbered cash and bank balances of Rs.0.04 crore as on March 31, 2019. The current ratio of the company stands at 1.24 times as on March 31, 2019.

Acuite believes that the liquidity of the company is likely to improve at the back of improvement in scale of operations.

Material Covenants

None

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	25.29	18.99
PAT	Rs. Cr.	0.34	0.09
PAT Margin	(%)	1.34	0.46
Total Debt/Tangible Net Worth	Times	1.16	1.07
PBDIT/Interest	Times	1.88	1.99

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

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
25th Oct 19	Cash Credit	Long Term	12.00	ACUITE BB-/Stable (Upgraded from ACUITE B+/Stable)
	Term Loan	Long Term	2.30	ACUITE BB-/Stable (Upgraded from ACUITE B+/Stable)
	Letter of Credit	Short Term	0.10	ACUITE A4+ (Withdrawn)
	Bank Guarantee	Short Term	0.30	ACUITE A4+ (Upgraded from ACUITE A4)
	Proposed Bank Facility	Long Term	0.45	ACUITE BB-/Stable (Upgraded from ACUITE B+/Stable)
24th Apr 19	Cash Credit	Long Term	7.50	ACUITE B+ (Indicative)
	Term Loan	Long Term	2.75	ACUITE B+ (Indicative)
	Letter of Credit	Short Term	0.10	ACUITE A4 (Indicative)
	Bank Guarantee	Short Term	0.60	ACUITE A4 (Indicative)
5th Mar 18	Cash Credit	Long Term	7.50	ACUITE B+ / Stable (Assigned)
	Term Loan	Long Term	2.75	ACUITE B+ / Stable (Assigned)
	Letter of Credit	Short Term	0.10	ACUITE A4 (Assigned)
	Bank Guarantee	Short Term	0.60	ACUITE A4 (Assigned)

***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	12.00	ACUITE BB- (Withdrawn)
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.30	ACUITE BB- (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.30	ACUITE A4+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.45	ACUITE BB- (Withdrawn)

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About Acuité Ratings & Research:

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