

## Press Release

### NIBBER CASTINGS PRIVATE LIMITED

March 26, 2018

#### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 18.00 Cr.
<b>Long Term Rating</b>	SMERA BB / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (**read as SMERA BB**) and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs. 18.00 crore bank facilities of NIBBER CASTINGS PRIVATE LIMITED. The outlook is '**Stable**'.

Nibber Castings Pvt. Ltd. is producer of raw castings in Northern India with annual capacity of 12,000 tons. Nibber Castings is a mechanised foundry producing Grey Iron Castings ranging in 5 KGs. to 120 KGs. and catering to Tractor and Commercial Vehicle Industry.

#### Key Rating Drivers

##### Strengths

- **Experienced management and strong market presence**

The promoters have significant experience in the auto ancillary industry. Mr. Raminder Singh Nibber is having enriched experience of over five decades in the industries. Mr. Harpreet Singh Nibber, is the managing director of the company and has worked in Marketing & Development functions of Pritika Group for almost 2 decades. The group enjoys a strong presence in the axle housing segment with long standing relations with several OEMs in the tractor industry.

- **Comfortable financial risk profile**

The group has operating margins of 17.68% in FY17 compared to 16.90% in FY16, the net margins of the company stood high at 2.51% in FY17. The company's financial risk profile stands moderate with debt of Rs. 77.17 cr as on March 31, 2017 compared to Rs. 74.51 cr as on March 31, 2016, gearing is moderately stretched at 1.81 times as on March 31, 2017. ICR stands comfortable at 2.53 as on March 31, 2017 compared to 2.08 as on March 31, 2016.

##### Weaknesses

- **Working capital cycle is stretched**

The group has high working capital intensity marked by WC days of 182 as on Mar 31, 2017 with high inventory of 186 days, debtor days at 85 and creditors of 89 days. The group deals with OEMs with very specific product requirements thus requires high inventory. Further, the GCA days stands high at 277 for the year ending FY17. Current ratio of the group is also stretched at 1.03 times as on Mar 31, 2017 compared to 0.99 times as on Mar 31, 2016. Going forward, the group is expected to maintain the similar working capital cycle.

- **Competitive nature of industry**

The group competes with some of the major players in the auto ancillary sector thus facing high competition. Also, the group competes with unorganised segment which forms a major part of this market. Though the group has mitigated this risk moderately as it caters to OEMs with very specific product requirements.

### Analytical Approach

SMERA has consolidated the risk profiles of Pritika Industries Limited, Pritika Autocast Limited and Nibber Casting Private Limited on account of same promoter group, cross corporate guarantees and significant business linkages.

### Outlook: Stable

Team believes that the outlook of the group will remain stable over the medium term on account of healthy revenue visibility. Outlook will be revised to positive if group is able to increase scale of operations while maintaining healthy profitability. On the contrary; the outlook will be revised to negative in a scenario of decline in the scale of operations resulting into decline in the revenues affecting margins and liquidity.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	143.66	129.21	123.33
EBITDA	Rs. Cr.	25.40	21.84	21.80
PAT	Rs. Cr.	3.60	2.85	3.34
EBITDA Margin (%)	(%)	17.68	16.90	17.68
PAT Margin (%)	(%)	2.51	2.21	2.71
ROCE (%)	(%)	15.16	12.71	26.03
Total Debt/Tangible Net Worth	Times	1.81	1.96	2.59
PBDIT/Interest	Times	2.53	2.08	1.88
Total Debt/PBDIT	Times	3.02	3.39	3.85
Gross Current Assets (Days)	Days	277	276	311

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

Cisil-dated Nov 21, 2017: "CRISIL has been consistently following up with Nibber Castings Private Limited (NCPL) for obtaining information through letters dated November 6, 2017, apart from telephonic communication. However, the issuer remains non-cooperative."

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Consolidation Of Companies - <https://www.smera.in/criteria-consolidation.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	12.00	SMERA BB / Stable
Term loans	Not	Not	Not	3.15	SMERA BB /

	Applicable	Applicable	Applicable		Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.30	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	2.55	SMERA BB / Stable

## Contacts

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## ABOUT SMERA

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