

Press Release

Indus Udyog And Infrastructure Private Limited

11 April, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 35.00 Cr.
Long Term Rating	SMERA BBB/ Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA BBB**' (read as SMERA triple B) on the Rs.35.00 crore bank facilities of Indus Udyog And Infrastructure Private Limited. The outlook is '**Stable**'.

Indus Udyog & Infrastructure Private Limited (IUIPL) is a Raipur-based company promoted by Mr. Raj Kumar Agrawal, Mr. Nitesh Kumar Agrawal and Mr. Ashish Kumar Agrawal. The company is engaged in the washing, trading and transportation of coal at Korba (Chhattisgarh) and has installed capacity of 0.99 MTPA. The company mainly caters to Maharashtra, Madhya Pradesh and Chhattisgarh.

Key rating drivers

Strengths

Experienced management and moderate track record of operations

The company was incorporated in 2011. The promoters, Mr. Nitesh Kumar Agrawal and Mr. Ashish Kumar Agrawal possess more than a decades experience in the coal industry.

Comfortable financial risk profile

The company has comfortable financial risk profile marked by low net worth of Rs.24.80 crore as on 31 March, 2017 compared to Rs.17.37 crore as on 31 March, 2016. The gearing stood at 0.77 times as on 31 March, 2017 as against 1.45 times as on 31 March, 2016. The total debt of Rs.19.20 crore comprises term loan of Rs.6.63 crore from banks, working capital funds of Rs.12.31 crore and unsecured loan from corporates of Rs.0.26 crore as on 31 March, 2017. The Interest Coverage Ratio stood at 3.57 times in FY2017 as against 3.42 times in FY2016. The Debt Service Coverage Ratio stood at 2.13 times in FY2017 as against 1.58 times in the previous year. The Net Cash Accruals stood at Rs.6.28 crore as against repayment obligation of Rs.3.25 crore in FY2017.

Weaknesses

Working capital intensive operations

The operations are working capital intensive evident from the Gross Current Asset (GCA) days of 118 in FY2017 and 144 in FY2016. This is mainly on account of stretched debtor days of 79 in FY2017 and 64 in FY2016. Further, the average cash credit limit utilisation stood at 99.50 per cent for the last six months ended February, 2018.

Susceptibility to fluctuations in demand and intense market competition

Steel, power and cement industries are the major users of coal. Low demand from these industries may impact the overall performance of the company. Further, the company is exposed to intense competition from several small and medium size players.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of Indus Udyog & Infrastructure Private Limited to arrive at the rating.

Outlook - Stable

SMERA believes that IUIPL will maintain a 'Stable' outlook over the medium term on the back of its experienced promoters and comfortable financial risk profile. The outlook may be revised to 'Positive' in case of improvement in the financial risk profile, coverage indicators and working capital management. Conversely, the outlook may be revised to 'Negative' in case of stretch in working capital management and deterioration in the capital structure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	84.72	67.74	41.01
EBITDA	Rs. Cr.	10.35	6.68	2.25
PAT	Rs. Cr.	3.43	2.45	0.98
EBITDA Margin	(%)	12.22	9.86	5.50
PAT Margin	(%)	4.05	3.62	2.40
ROCE	(%)	17.22	15.86	17.98
Total Debt/Tangible Net Worth	Times	0.77	1.45	2.81
PBDIT/Interest	Times	3.57	3.42	3.61
Total Debt/PBDIT	Times	1.85	3.76	7.53
Gross Current Assets (Days)	Days	118	144	176

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

None

Any other information:

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	20.00	SMERA BBB/ Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BBB/ Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BBB/ Stable

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