

September 18, 2013

Facilities	Amount (Rs. Crores)	Ratings
Cash Credit	3.50	SMERA B/Stable/Assigned
Term Loan	0.15	SMERA B/Stable/Assigned
Letter of Credit	3.00	SMERA A4/Assigned

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA single B**) to the Rs.3.65 crores long term bank facilities (fund based) and '**SMERA A4**' (**read as SMERA A four**) to the Rs.3.00 crores short term bank facility (non-fund based) of ITP Infotech Private Limited (ITP). The ratings are constrained by the company's small scale of operations and low profit margins. The ratings are further constrained by susceptibility of the company's profit margins to volatility in raw material prices and high competition. However, the ratings are supported by the company's experienced management and strong customer base.

ITP is engaged in manufacturing wiring harness coil assemblies and relays, power cords, lanterns and solar products. The company has a joint venture agreement with Gruner AG of Germany for manufacturing coils. ITP has a small scale of operations despite a long track record of over ten years in the same line of business. The company registered revenues of Rs.14.25 crores in FY2012-13 (refers to financial year, April 01 to March 31) as compared with revenues of Rs.14.09 crores in FY2011-12. ITP operates in a highly competitive and fragmented industry, which limits the company's bargaining power with customers. ITP's profit margins are susceptible to volatility in prices of raw materials, which include copper wires, connector sleeves and brass pins. Moreover, the company imports around 40 per cent of its raw material requirement and is therefore susceptible to forex fluctuation risk in the absence of a hedging mechanism. ITP's operating margins declined from 15.3 per cent in FY2009-10 to 4 per cent in FY2011-12. Furthermore, the company's net profit margin declined from 6.29 per cent in FY2010-11 to 0.80 per cent in FY2011-12.

ITP follows a moderate leverage policy with total debt to tangible net worth ratio at 1.76 times as on March 31, 2012.

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.

ITP is promoted by Mr. Brij Mohan Vaish, who has more than four decades of experience in the Cable Industry. ITP caters to reputed clients including Su-kam Power Systems Limited, Lloyd Electric & Engineering Limited and Luminous Power Technologies Limited. ITP also caters to General Electric, U.S.A. (through Gruner India Private Limited).

Outlook: Stable

ITP has a 'Stable' outlook. SMERA believes ITP will maintain its scale of operations on the back of its experienced management and strong association with Gruner AG. However, the company's ability to scale up operations while improving profitability and strengthening the capital structure remains the key rating sensitivity.

About the company

ITP, incorporated in 1995 and operational since 2003, is mainly engaged in manufacturing wiring harness coil assemblies and relays, power cords, lanterns and solar products. The company caters to customers based in New Delhi, Haryana and Uttarakhand. ITP has a registered office in New Delhi and administrative office in Gurgaon, Haryana.

ITP is headed by Mr. Brij Mohan Vaish, who has four decades of experience in the cable industry. ITP also has an experienced second line of management. As per the provisional financials of FY2012-13, ITP reported net profit of Rs. 0.12 crores on total income of Rs.14.25 crores as compared with net profit of Rs. 0.11 crores on total income of Rs.14.09 crores in FY2011-12.

Contact List

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal, Vice President - SME - Sales Tel : +91-22-67141177 Cell : +91 99300 74009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Umesh Nihalani, Head - Corporate Ratings Tel: +91-22-67141106 Cell: +91 98336 51336 Email: umesh.nihalani@smera.in	Tel: +91 22 6714 1170 Email: ratingdesk@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.