

## Lantec Technologies

April 12, 2021

### Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	9.23	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)
Short Term Bank Facilities	0.60	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	9.83 (Rs. Nine Crore and Eighty-Three Lakhs Only)		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 24, 2020 placed the ratings of Lantec Technologies (Lantec) under the 'issuer non-cooperating' category as Lantec had failed to provide information for monitoring of the ratings as agreed to in its Rating Agreement. Lantec continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated January 08, 2021, February 04, 2021, March 05, 2021 and April 06, 2021. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.***

*The ratings assigned to the bank facilities of Lantec have been revised on account of non-availability of requisite information.*

### Detailed description of the key rating drivers

*At the time of last rating done on February 24, 2020 the following were the rating strengths and weaknesses.*

#### ***Key rating weaknesses***

##### ***Partnership nature of constitution***

Lantec being a partnership firm is exposed to inherent risk of partners' capital being withdrawn at the time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of key partners. Any withdrawal of capital by the partners may affect existing financial flexibility of the firm.

##### ***Susceptibility of margins to volatile raw material prices and foreign exchange rate fluctuations; along with presence in highly fragmented electronic component industry***

The main raw material for manufacturing electronic control panels is steel. The steel industry is cyclical with prices driven primarily by the existing demand and supply conditions with strong linkage to the global market. This results into risk of price fluctuations on the inventory of raw materials as well as finished goods. Further, exports contributed around 20% of total income in FY18. Thus the firm is exposed to exchange rate fluctuations risk in absence of active hedging policy. Also, the electronic component industry is highly fragmented which restricts the pricing flexibility and bargaining power of small players.

##### ***Moderate and volatile scale of operations and moderate profitability***

The total operating income (TOI) of Lantec grew by 60% y-o-y; however stood moderate at Rs.30.42 crore in FY18 as against Rs.19.05 crore in FY17 (Rs.26.72 crore in FY16). Further, order book on hand as on December 05, 2018 stood at Rs.25 crore which is envisaged to be executed upto March, 2019. PBILDT of the firm improved but remained moderate at Rs.5.03 crore during FY18 as against Rs.2.24 crore in FY17. Consequent to an improvement in PBILDT margin and proportionate decrease in depreciation and interest costs, the PAT margin improved to 9.22% in FY18 from 3.21% in FY17.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

## Key Rating Strengths

### **Experienced promoters**

The firm is managed by Mr. Santhosh George and Ms. Susan George with equal profit sharing ratios in the firm. Mr. Santhosh George has more than two decades of experience in the same line of business and handles overall operations of the firm.

### **Comfortable capital structure and debt coverage indicators**

The capital structure of Lantec remained comfortable marked by an overall gearing ratio of 1.05 times as on March 31, 2018 as against 1.20 times as on March 31, 2017. Further, the debt coverage indicators as marked by total debt to GCA remained comfortable at 2.68 times as on March 31, 2018 as against 11.34 times as on March 31, 2017, while interest coverage ratio remained at 3.77 times for FY18 (1.72 times in FY17).

**Analytical approach:** Standalone

## Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

## About the Firm

Lantec Technologies (Lantec) was established as a partnership firm on February 25, 2004 with four partners. Subsequently, two partners retired in 2010 and at present, the firm is managed by Mr. Santosh George and Ms. Susan George with equal profit sharing ratios in the firm. Lantec is engaged in manufacturing of electrical control panels and its products are certified for its safety standard by Central Power Research Institute, Bhopal as well as Underwriters Laboratories, Denmark. Lantec mainly supplies its product to industrial units as per their customized needs. The manufacturing facilities of the firm are located at Masat Industrial Estate (Silvassa, Dadra and Nagar Haveli, Gujarat) with an installed capacity of manufacturing 1,500 units per annum as on March 31, 2018.

Brief Financials (Rs. crore)	FY17(A)	FY18 (A)
Total operating income	19.05	30.42
PBILDT	2.24	5.03
PAT	0.61	2.80
Overall gearing (times)	1.20	1.05
Interest coverage (times)	1.72	3.77

A: Audited

**Status of non-cooperation with previous CRA:** Brickwork Ratings has put ratings assigned to the bank facilities of Lantec in to 'Non Cooperation' vide press release dated November 12, 2020 on account of non-cooperation by Lantec with Brickwork Ratings's efforts to undertake a review of the ratings outstanding.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

## Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	9.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	October, 2020	0.23	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.50	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bills Discounting / Bills Purchasing	-	-	-	0.10	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not co-operate; Based on best available information

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	9.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE BB+; Stable (11-Dec-18)
2.	Fund-based - LT-Term Loan	LT	0.23	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE BB+; Stable (11-Dec-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.50	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE A4 (11-Dec-18)
4.	Non-fund-based - ST-Bills Discounting / Bills Purchasing	ST	0.10	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Feb-20)	1)CARE A4 (11-Dec-18)

\*Issuer did not co-operate; Based on best available information

## Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple
4.	Non-fund-based - ST-Bills Discounting / Bills Purchasing	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**