

Somi Conveyor Beltings Limited

June 16, 2023

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long Term / Short Term Bank Facilities	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	26.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated March 28, 2022, had moved the ratings of Somi Conveyor Beltings Limited (SCBL) under the 'issuer non-cooperating' category as SCBL had failed to provide surveillance fees for carrying out rating exercise. SCBL continues to be non-cooperative despite repeated requests for submission of information through e-mails dated April 26, 2023, April 27, 2023, May 01, 2023, May 02, 2023 and phone calls. In line with the extent SEBI guidelines, CARE Ratings Ltd. has reviewed the ratings on the basis of the best available information which however, in CARE Ratings Ltd.'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 the above rating(s).

Analytical approach: Standalone

Detailed description of the key rating drivers:

Key Rating Weaknesses

Modest scale of operations in highly competitive industry

During FY23, Total operating income improved by 63.90% and remained moderate at Rs.93.93 crore as against Rs.57.31 crore in FY22.

Moderate debt coverage indicators

Debt coverage indicators remained modest marked by interest coverage of 2.95 times during FY23 as against 2.06 times during FY22. TDGCA remained moderate at 3.82 years as on March 31, 2023.

Susceptibility of profitability to volatility in raw material prices and foreign currency fluctuation risk

Majority of the raw materials required by SCBL are highly volatile and hence SCBL's profitability is susceptible to sudden changes in prices of raw material. Further, SCBL is exposed to foreign exchange fluctuation risk as the company also exports the products. SCBL keeps its export receivables un-hedged which exposes it to foreign currency fluctuation risk.

Key Rating Strengths

Experienced management team

Mr. O. P. Bhansali, Chairman & Managing Director, who have more than 30 years of experience in the conveyor belt industry looks after overall business activities who is assisted by his sons Mr. Vimal Bhansali and Mr. Gaurav Bhansali having healthy experience in same line of business. Further, top management is assisted by senior level management team and functional heads of Marketing, Finance, Operations, Commercial and Administration.

Established track record of operations with diversified and reputed customer base

The company has established its track record of operations in the industry being present more than two decades. It has established customer and supplier base in the market. The company mainly gets the orders from reputed customers namely Bharat Heavy Electricals Limited (BHEL), Rajasthan Rajya Vidyut Utpadan Nigam Ltd (RRVUNL), Maharashtra State Power Generation Company (MAHAGENCO), Steel Authority of India Limited (SAIL), National Thermal Power Corporation Limited (NTPC), National Mineral Development Corporation (NMDC) as well as from cement manufacturer and metal industry.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Moderate profitability position

PBILDT margin deteriorated however remained moderate at 8.52% during FY23 as against 11.18% during FY22 with increase in cost of material consumed. However, PAT margin improved during FY23 and remained moderate at 3.69 times during FY23 as against 2.99 times during FY22.

Comfortable capital structure

Capital structure remained comfortable with overall gearing of 0.26 times as on March 31, 2023 as against 0.44 times as on March 31, 2022 mainly on account of reduction in overall debt.

Environment, social, and governance (ESG) risk: Not Applicable

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Manufacturing Companies](#)
[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

Jodhpur (Rajasthan) based Somi Conveyor Beltings Limited (SCBL) was incorporated in 2000 and is engaged in the manufacturing of rubber and steel cord conveyor belts. The company manufactures various grades of conveyor belts used for industrial applications including material handling and transportation in various industries like mining, power, cement, fertilizer, steel and sugar among others. SCBL caters to the domestic as well as the export market under the brand name 'SOMIFLEX'. The company has two plants located at Sangaria and Tanwara, Jodhpur certified as ISO 9001: 2008 for quality management systems.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	57.31	93.93
PBILDT	6.41	8.00
PAT	1.72	3.47
Overall gearing (times)	0.44	0.26
Interest coverage (times)	2.06	2.95

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	18.00	CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-ILC/FLC		-	-	-	8.00	CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT/ST-Cash Credit	LT/ST*	20.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (28-Mar-22) 2)CARE BB+; Stable / CARE A4+ (17-Sep-21)	1)CARE BB+; Stable / CARE A4+ (30-Mar-21) 2)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (29-Apr-20)
2	Non-fund-based - ST-ILC/FLC	ST	8.00	CARE A4+; ISSUER NOT COOPERATING*	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (28-Mar-22) 2)CARE A4+ (17-Sep-21)	1)CARE A4+ (30-Mar-21) 2)CARE A4+; ISSUER NOT COOPERATING* (29-Apr-20)
3	Non-fund-based - ST-Bank Guarantee	ST	18.00	CARE A4+; ISSUER NOT COOPERATING*	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (28-Mar-22) 2)CARE A4+ (17-Sep-21)	1)CARE A4+ (30-Mar-21) 2)CARE A4+; ISSUER NOT COOPERATING* (29-Apr-20)

*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Limited has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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