

Associated Toolings India Private Limited

February 21, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.10	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.80	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	13.90 (Rs. Thirteen Crore and Ninety Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd has been seeking information from Associated Toolings India Private Limited (ATIPL) to monitor the ratings vide e-mail communications/letters dated January 27, 2022, February 04, 2022, February 07, 2022, February 10, 2022 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant 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. The rating on ATIPL's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING*/CARE A4; ISSUER NOT COOPERATING***.

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

The ratings assigned to the bank facilities of Associated Toolings India Private Limited (ATIPL) factored in small scale of operations, moderate profitability margins, leveraged capital structure with weak debt coverage indicators, exposure to volatility in prices of raw materials and highly working capital-intensive nature of operations and vulnerable to cyclicity in demand from end user industries. The ratings, however, derive comfort from long track record of operation with experienced promoters.

Detailed description of the key rating drivers

At the time of last rating on December 21, 2020, the following was the rating weaknesses and strengths: (updated from information available from registrar of companies):

Detailed Rationale & Key Rating Drivers

Small scale of operation and Moderate profitability margins

The scale of operations has improved by more than 30%, however remained small at Rs. 11.62 crores during FY21 as against Rs. 8.41 crores during FY20.

Profit margins have continued to remain moderate marked by declined PBILDT margin of 17.35% during FY21(A) against 21.42% during FY20. However, the company has reported profit of Rs. 0.02 crores during FY21 as against net loss of Rs. 0.25 crores during FY20.

Leveraged capital structure with weak debt coverage indicators

Capital structure has continued to remained leveraged marked by overall gearing ratio of 3.61x as on March 31, 2021 as against 3.46x as on March 31, 2020. The marginal deterioration was on account of higher term debt as on Balance sheet date. Debt coverage indicators remained weak marked by low interest coverage ratio and TDGCA ratio remained at 1.23x and 35.35 years respectively during FY21 as against 1.13x and 69.61 years during FY20.

Exposure to volatility in prices of raw materials and highly working capital intensive nature of operations

The operations of the company remained highly working capital intensive in nature as reflected by its high operating cycle led by high inventory period. The inventory remains high, owing to accumulation of raw materials, following the shift to Bharat Stage (BS) IV standards from BS III and BS IV standards to BS VI. The management are expecting to clear the backlog inventory by exporting the valves to countries which still use such inputs.

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

*Issuer did not cooperate; based on best available information

Vulnerable to cyclicity in demand from end user industries

The operating performance of the company remains vulnerable to cyclicity in demand from end user industries like oil and gas, petrochemicals and auto.

Key Rating Strengths

Long track record of operation with experienced promoters

ATIPL is into manufacturing of industrial valves and regulators since 1985 and thus has more than three decades of operational track record. Being in the same line of business since long period, the promoters have built up established relationship with its customers and suppliers. The key promoter; Mr. Ratan Jyoti Bishnu and Mr. Anup Kanti Karmakar, have long experience in industrial valves manufacturing business and they have strong technical capabilities which helps the company to maintain healthy relationship with its customers and bags repeated orders. The above promoters are supported by Mr. Jyotirmoy Karmakar, Udayan Karmakar and Hirakjyoti who also have more than two decades of experience in the same industry.

Analytical Approach: Standalone

Applicable Criteria:

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

[Policy on default recognition](#)

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[Rating Methodology-Manufacturing Companies](#)

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

[Criteria for Short Term Instruments](#)

About the Company

West Bengal based Associated Toolings India Private Limited (ATIPL) was incorporated in August 1985 by Mr. Ratan Jyoti Bishnu, Mr. Anup Kanti Karmakar, Mrs. Pratima Karmakar and Mrs. Manjusree Bishnu. Later on in August 2008; Mr. Jyotirmoy Karmakar, Udayan Karmakar and Hirakjyoti Bishnu joined the company. ATIPL has been engaged in manufacturing of both fluid and gas valves and regulators, used by various end-user industries, including oil and gas, petrochemical, thermal power stations and refineries, food processing and fertilizer. Its manufacturing unit is located in Howrah, West Bengal and is equipped with installed capacity of 120,000 pieces of valves per annum. The company also has its presences in the foreign market in the country like Nigeria and Oman.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (Prov.)
Total operating income	8.41	11.62	NA
PBILDT	1.80	2.02	NA
PAT	-0.25	0.02	NA
Overall gearing (times)	3.46	3.61	NA
Interest coverage (times)	1.13	1.23	NA

A: Audited, Prov.: Provisional, NA: Not Available

Status of non-cooperation with previous CRA: ACUITE (SMERA) has continued the rating assigned to the bank facilities of ATIPL into Issuer Not Cooperating category vide press release dated January 07, 2021 on account of its inability to carry out a review in the absence of the requisite information from the company.

CRISIL has continued the rating assigned to the bank facilities of ATIPL into Issuer Not Cooperating category vide press release dated January 28, 2022 on account of its inability to carry out a review in the absence of the requisite information from the company.

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Covenants of rated instrument/facility: Please refer Annexure-3

Complexity level of various instruments rated for this company: Please refer Annexure-4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	8.10	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	4.80	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-ILC/FLC		-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; 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-Term Loan	LT	-	-	-	1)Withdrawn (21-Dec-20)	1)CARE B+; Stable (16-Oct-19)	-
2	Fund-based - LT-Cash Credit	LT	8.10	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (21-Dec-20)	1)CARE B+; Stable (16-Oct-19)	-
3	Non-fund-based - ST-Bank Guarantee	ST	4.80	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (21-Dec-20)	1)CARE A4 (16-Oct-19)	-
4	Non-fund-based - ST-ILC/FLC	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (21-Dec-20)	1)CARE A4 (16-Oct-19)	-

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this company**

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

Annexure 5: Bank Lender Details for this Company

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

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

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About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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