

Nutech Global Limited

March 24, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	8.36	CARE BB; Stable (Double B; Outlook: Stable)	Reaffirmed
Total	8.36 (Rupees Eight Crore and Thirty Six Lakh Only)		

Details of instruments/facilities in Anneuxre-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Nutech Global Limited (NGL) continue to remain constrained on account of its financial risk profile marked by modest scale of operations with moderate profitability margins, moderately leveraged capital structure with weak debt coverage indicators and moderate liquidity profile. The ratings, further, continue to remain constrained due to presence in the highly fragmented fabric processing industry with limited presence in value chain.

The ratings, however, continue to derive strength from experienced promoters in the textile industry and established distribution network and established track record of operations and marketing network.

The ability of the company to improve its overall financial risk profile with improvement in the scale of operations and solvency position would be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weakness

Modest scale of operations with moderate profitability margins

TOI of the company has grown in last three financial years ended FY16 (refers to the period April 1 to March 31) mainly due to higher demand of its products in the market. During FY16, the PBILDT margin has marginally improved and remained largely stagnant over FY15 mainly due to higher trading activity done at lower cost of traded goods.

Moderately leveraged capital structure with weak debt coverage indicators and moderate liquidity profile

The solvency position of the company stood moderate due to scheduled repayment of term loans as well as accretion of profit to reserve. Furthermore, the operating cycle of the company remained elongated due to higher inventory holding period and collection period. Due to higher investment in the inventory, the current ratio of NGL stood moderate.

Key Rating Strengths

Experienced promoters in the textile industry with established track record of operations and marketing network

The promoters of NGL have significant experience of more than three decade in the textile industry. Mr Shyam Sunder Mukhija, Mr Rajeev Mukhija and Mr Sanjeev Mukhija, directors, are graduates by qualification and look after the overall affairs of the company. Being present in the textile industry since 1984, the company has well-established network of agents and dealers, present in various states in Northern and Southern region of India. NGL is benefited from the established distribution network and existing client base. Major sales of the company are made through agents since last three financial years ended FY16.

Analytical Approach: Standalone

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Rating Methodology-Manufacturing Companies](#)
[Financial ratios – Non-Financial Sector](#)

About the Company

Bhilwara-based (Rajasthan) NGL was initially incorporated as a private limited company in 1984 namely Nutech Spinning Pvt. Ltd. However, in October, 2000, it changed its constitution to limited and changed its name to NGL. The key promoters of the company include Mr Shyam Sunder Mukhija and Mr Rajeev Mukhija. NGL uses cotton yarn as raw material which is procured from traders for manufacturing of grey fabric and processing of finished fabrics gets done on job work basis from other process houses. The plant of the company has total installed capacity of 42.06 Lakh Meters Per Annum (LMPA) for manufacturing of grey fabrics and has utilized 85 % of its installed capacity during FY16. The company is also engaged in the trading of grey and finished fabrics. It sells its product majorly in the local market under the brand name 'Pride Suiting'.

During FY16, NGL has reported a total operating income of Rs.39.49 crore with a net profit of Rs.0.12 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact

Name: Mr Abhishek Jain

Tel: 0141-4020213/14

Cell: 9251265875

Email: abhishek.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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-Term Loan	-	-	April 2019	0.56	CARE BB; Stable
Fund-based - LT-Cash Credit	-	-	-	7.80	CARE BB; Stable

Annexure 2: Rating History for 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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	0.56	CARE BB; Stable	1)CARE BB (12-Apr-16)	-	-	-
2.	Fund-based - LT-Cash Credit	LT	7.80	CARE BB; Stable	1)CARE BB (12-Apr-16)	-	-	-

CONTACT**Head Office Mumbai****Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691