

MARCH 17, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF SOMI CONVEYOR BELTINGS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	6.63	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	20.00	CARE A3+ (A Three Plus)	Reaffirmed
Long term / Short term Bank Facilities	18.00	CARE BBB/CARE A3+ (Triple B / A Three Plus)	Reaffirmed
Total Facilities	44.63 (Rupees Forty Four crore and Sixty Three lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Somi Conveyor Beltings Limited (SCBL) continue to derive strength from wide experience of the promoters in the conveyor belt industry with established track record of operations, diversified and reputed customers base with healthy order book and financial risk profile marked by healthy profitability and comfortable capital structure.

The ratings, however, continue to remain constrained on account of volatility associated with raw material prices and its operations in a competitive industry. The ratings, further, continue to remain constrained due to its elongated operating cycle owing to high inventory holding period.

Increase in the scale of operations while sustaining its profitability and efficient working capital management would be the key rating sensitivities.

Background

Jodhpur-based (Rajasthan) SCBL, was incorporated in 2000 and is engaged in the manufacturing of rubber and steel based 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 'SOMIFLEX'. The company has two plants located at Sangaria and Tanwara, Jodhpur having a total manufacturing capacity of 9,00,000 Meters Per Annum (MPA) and 5000 pieces of rubber sheets per annum. The plants are certified as ISO 9001: 2008 for quality management systems.

During FY15 (refers to the period April 1 to March 31), SCBL reported a total operating income of Rs.75.89 crore (FY14: Rs.65.74 crore) with a PAT of Rs.4.28 crore (FY14: Rs.3.60 crore). As per provisional result of 9MFY16, SCBL has achieved TOI of Rs.40.49 crore.

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

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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