

March 30, 2015

CARE REAFFIRMS 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	CARE A3+ (A Three Plus)	Reaffirmed
Long term/Short term Bank Facilities	18	CARE BBB/CARE A3+ (Triple B/A Three Plus)	Reaffirmed
Total Facilities	44.63*		

* Rating assigned to Term loan of Rs.4.69 crore is withdrawn as term loan is fully repaid.

Rating Rationale

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

The ratings, however, continue to be constrained on account of its relatively low capacity utilisation, volatility associated with raw material prices and its operations in a fragmented industry. The ratings, further, are constrained due to its elongated operating cycle owing to high inventory holding period.

Increase in the scale of operations along with sustainability of profitability and gearing level 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 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 in Jodhpur having a total manufacturing capacity of 702,500 Meters Per Annum (MPA). The plants are certified as ISO 9001: 2008 for quality management systems.

During FY14 (refers to the period April 1 to March 31), SCBL reported a total operating income of Rs.65.74 crore (FY13: Rs.79.83 crore) with a PAT of Rs.3.60 crore (FY13: Rs.3.94 crore). During 9MFY15, SCBL reported a total operating income of Rs.60.15 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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