



Rating Rationale

Indra Industries Ltd

14 Feb 2018

Brickwork Ratings reviews the ratings for the Bank Loan Facilities of ₹. 19.00 Crores of Indra Industries Ltd.

Particulars

Facility Rated	Amount (₹. Cr)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based (FB)					
Term Loan	8.50	8.50	Long Term	BWR BB (BWR Double B) (Outlook -Stable)	BWR BB- (BWR Double B Minus) (Outlook -Stable) (Downgradation)
Cash Credit	8.00	10.00			
Non- Fund Based (NFB)					
Letter of Guarantee	0.50	0.50	Short Term	BWR A4 (BWR A Four)	BWR A4 (BWR A Four) (Reaffirmation)
W/W Import LC (DA 180 days)	1.00	1.00			
Total Limits	18.00	19.00	INR Nineteen Crores Only		

*refer to BWR website www.brickworkratings.com/ for definition of the ratings Note: Bankers have not provided the latest outstanding balance of facilities. Outstanding balance provided of the working capital limit is as at 22.11.2017 and outstanding balance of term loan facility is not provided. Hence, the risk perception can not be analysed in relation to the actual outstanding as on date.

Ratings: Downgraded and Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The revision in the ratings takes into account the declining financial performance for FY17 reflecting net losses, declined revenue, weak debt coverage indicators, high gearing level, stretched liquidity position. The ratings factors inter-alia the promoters background and experience in fertilizer industry, relationships with customers and suppliers. BWR has primarily relied upon the audited financials up to FY17, projected financials up to FY19 and publicly available information and clarification provided by the company.



Description of Key Rating Drivers

Credit Strengths: promoters experience is 3 decades. average 6 years of relationship with customers and suppliers.

Credit Risks: Declined revenue from Rs. 34.06 cr in FY17 to Rs. 33.31 crs.in FY16. Gearing is 5.01 times in FY17. Seasonality in sales due to nature of fertilizer industry. Weak DSCR is 0.64 times and Liquidity ratio is 0.99 times. Stiff competition within the industry

Information risk: the company has not provided the the latest outstanding balance of their bank facility debt thereby not able to assess promptness of the company in repaying the debt service obligation with the bank

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Indra Industries Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Indra Industries is a limited company incorporated in 1984 listed at Bombay Stock Exchange. Mr. Virendra Jain is the Managing Director of the company with over 2 decades of experience. The company manufactures Fertilizers and Polymer Products. Under the Fertilizer segment the company manufactures Single Super Phosphate (SSP), Granularized Single Super Phosphate (GSSP). Under the Polymer Product segment it manufactures Polymer Products and High Density Polyethylene (PP/HDPE) fabrics, Biaxial Oriented Polypropylene (BOPP) Bags, Perforated Bags, Valve Bags, Sand Bags, Gusseted Bags and Woven Bags. The fertilizer unit is set up on own premises in Badnawar, Madhya Pradesh covering an area of around 7.5 lakh sq.ft, and has a production capacity of 1,20,000 metric tons per year. The manufacturing facility for Polymer Product is set up on own premises at Dewas, Madhya Pradesh covering an area of 2.0lakh sq. ft. and has a production capacity of 3000 metric tons per year.

Company Financial Performance

Indra Industries Ltd reported Total Operating Income of Rs. 33.33 crs for FY17 as compared to Rs. 34.16 crs for FY16. The company has reported net losses of Rs. 0.59 crs for FY17 as against Rs. 0.01 crs for FY16. The operating profit margin and net profit margin recorded at 9.69% and -1.76% respectively. Tangible net worth stood at Rs. 5.06 crs.

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type			
Operating Revenue	Rs. Crores	34.16	33.33
EBITDA	Rs. Crores	3.05	3.23
PAT	Rs. Crores	0.01	-0.59
Tangible Net worth	Rs. Crores	5.65	5.06
Total Debt/Tangible Net worth	Times	3.78	5.01
Current Ratio	Times	1.05	0.99

Rating History for the last three years

Si No	Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	4 Aug 2016	2015	29 May 2014
Fund Based (FB)							
1	Term Loan	Long Term	8.50	BWR BB- (BWR Double B Minus) (Outlook -Stable) (Downgradation)	Rating Not Reviewed	-	BWR BB (BWR Double B) (Outlook -Stable)
2	Cash Credit		10.00				
Non- Fund Based (NFB)							
3	Letter of Guarantee	Short Term	0.50	BWR A4 (BWR A Four) (Reaffirmed)	Rating Not Reviewed	-	BWR A4 (BWR A Four)
4	W/W Import LC (DA 180 days)		1.00				
	Total Limits		19.00	(INR Nineteen Crores Only)			

Status of non cooperation with Previous CRA : Non Applicable



Any other information: Non Applicable

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Venkatesh</i> <i>CGM-Ratings</i> analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has



rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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