

June 1, 2010

CARE UPGRADES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF INTERNATIONAL CONVEYORS LIMITED

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	25.0 (enhanced from Rs.14.0 crore)	'CARE A-' (Single A Minus)	Revised from CARE BBB+ [Triple B plus]
Short-term Bank Facilities	3.7 (enhanced from 1.8)	'PR2+' (PR Two Plus)	Revised from PR2 [PR two]
Long/short-term bank facilities	25.0 (enhanced from 10.0)	CARE A-/PR2+	Revised from CARE BBB+/PR2
Term loan facility	11.5	-	Withdrawn
Total Facilities	53.7		

Rating Rationale

The revision in ratings factor in improvement in financial position in FY09 and significant improvement in profitability in the nine months ended Dec.31, 2009 (9MFY10). The ratings continue to draw strength from the long and satisfactory track record of the company, experience of its promoters, healthy order book position, impressive client portfolio, operation in a niche segment with only one major competitor in the domestic segment and favourable industry outlook. The ratings are however, constrained by the relatively small size of the company, risk arising out of volatility in raw material prices, exposure to exchange rate fluctuation, high collection period and exposure to group companies. Performance of the mining industry vis-à-vis sustainability of Average Net Sales Price Realisation (ANSPR) for ICL's products, movement in crude oil (major raw materials being crude based) prices and the company's ability to successfully execute orders on time would remain the key rating sensitivities.

Company Profile

ICL is engaged in manufacturing and marketing of solid woven textile fabric (carcass) Reinforced Fire Resistant Anti-Static (FRAS) PVC conveyor belts with an aggregate capacity of 5,75,000 MPA at Aurangabad in Maharashtra. The PVC belts find usage in fire hazardous underground mines (coal and potash) and in the areas having the risk of fire.

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

On a total income of Rs.70.5 crore, ICL earned a PAT of Rs.2.8 crore in FY09. Both long term debt-equity and overall gearing ratios improved significantly from 0.73 and 1.42 as on March 31, 2008 to 0.16 and 0.47 as on March 31, 2009 respectively due to equity infusion (Rs.23.2 crore) by the promoters during FY09 coupled with accretion of profits to reserve and scheduled repayment of term loans.

As per ICL's working results for 9MFY10, the company witnessed significant growth in net sales as well as PBILDT. PAT (after defd. tax) level and margin also showed improvement over the corresponding period last year.

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CARE 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.

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 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.

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