

July 8, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF  
NILKAMAL BITO STORAGE SYSTEMS PVT. LTD****Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	24.00	<b>'CARE BBB-' (Triple B Minus)</b>	Reaffirmed
Short-term Bank Facilities	9.50 (enhanced from Rs.6.50 cr)	<b>'PR3' (PR Three)</b>	Reaffirmed
<b>Total Facilities</b>	<b>33.50</b>		

**Rating Rationale**

The ratings continue to derive strength from experience of the promoter group and financial support from the promoters in the form of equity infusion. The ratings also take into account benefits arising from brand image of Nilkamal group, synergies of operations from Nilkamal group with respect to marketing and sales and technological expertise from BITO Lagertechnik, Bittmann GMBH, the JV partners.

The ratings are however constrained by the small size of NBSSPL with limited track record of operations, customer concentration, dependence on single product line and operating losses incurred since inception. The ratings are further constrained by stiff competition and volatility in input prices.

Ability of NBSSPL to ensure profitable operations and successfully increase its market share amidst stiff competition are key rating sensitivities.

**Company Profile**

Nilkamal Bito Storage Systems Pvt Ltd (NBSSPL) is a JV (50-50) of Nilkamal Ltd with BITO (Lagertechnik Bittmann, GmbH). The latter is a known player in Material Handling Industry in Europe and manufacturing of various types of storage systems providing infra-logistics solutions, whereas Nilkamal Ltd is a well-known player in manufacturing and marketing of injection-moulded plastic products in India. NBSSPL was incorporated on April 24, 2006. The company is engaged in manufacturing of various storage systems that provide infra-logistics solutions and commenced its production in July 2007 on completion of its manufacturing unit at J&K and thus has a limited track record of operations. NBSSPL being in the initial stage of operations has low capacity utilisation. The company during FY09 (its first full year of operations) posted net sales and loss at PAT level of Rs.3.24 crore, respectively. During H1FY10, the company posted net sales of Rs.15.98 crore and loss at PBT level of Rs.3.34 crore.

<sup>1</sup>“Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications”.

During FY10, the promoters have infused equity capital (in equal proportion) to the tune of Rs.7.8 crore to reduce dependence on working capital borrowing and fund losses.

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