

Ibex Engineering Private Limited

Instruments	Rating Limits (Rs. Crore)	Rating Action
Long term Fund Based – Cash Credit	4.00	[ICRA]BB(Stable); assigned
Long term Fund Based – Term Loan	2.93	
Long term unallocated	1.32	
Short term –Fund Based	2.75	[ICRA]A4+; assigned

ICRA has assigned a long term rating of '**[ICRA]BB**' (pronounced ICRA double B)[†] to the Rs 4.00 crore cash credit facility, Rs. 2.93 crore term loan and the Rs. 1.32 crore unallocated limits of Ibex Engineering Private Limited (IEPL). ICRA has also assigned short term rating of '**[ICRA]A4+**' (pronounced ICRA A four plus) to Rs. 2.75 Crore short term fund based facilities of IEPL. The outlook on long term ratings is "**Stable**".

The assigned ratings positively factor in the established presence of the company, the significant experience of the promoters with a track record of close to two decades in the die casting industry, and the established customer profile which lends stability to business volumes. The ratings also take into account the comfortable capital structure marked by gearing of 1.06 times as on 31st March, 2016. However, the ratings are constrained by the company's moderate net worth and the modest scale of operations that limit its operational and financial flexibility, to an extent. The ratings are also constrained by the intense competition on account of fragmented structure of die casting and precision machining industry with low entry barriers, leading to pressure on profit margins; and the vulnerability of profits to fluctuations in raw material prices. The ratings are also limited by the high customer concentration with top 5 customers contributing to 71% of total revenues in FY16 and vulnerability of margins to any adverse movement in foreign exchange rates following absence of adequate hedging mechanism.

Going forward, the ability of the company to increase its turnover, improve its profitability and liquidity position would remain key rating drivers for the company.

Company Profile

Ibex Engineering Private Limited (IEPL), incorporated in 1998 and promoted by Mr. Srikanth. IEPL is into the manufacturing and exports of Aluminium Die casting and moulds for engineering components like Motor case Casting, Water Pump body, Steering Wheel, Gas Filters, Wire tightener and many more. Over the last 18 years the company has integrated its casting manufacturing capabilities with machining of the cast parts and manufacture of precision tooling's to cast the parts. The company has its unit situated at Somanahalli Village, Kanakpura road, Bangalore South with current capacity of 100 MT per month. The products of the company find wide application in various industries like Engineering, automobiles, electrical, and many more. Ibex has achieved to be India's first Magnesium Cold chamber die caster. Ibex Magnesium facility was inaugurated recently and has also won a contract to supply precision Magnesium castings to Bharat Electronics Limited (BEL), a leading Public sector company, which will eventually find its application in the Indian Defense. Ibex also provides precision machining job work to various auto mobile original equipment manufacturers (OEM).

Recent Results

During FY16 (provisional financials), the company reported a net profit of Rs. 1.37 crore on an operating income of Rs. 29.51 crore as against a net profit of Rs. 0.70 crore on an operating income of Rs. 36.97 crore during FY15.

July 2016

[†] For complete rating scale and definitions please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



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