



IBC Limited

Instrument	Amount	Rating Action
	In Rs. Crore	
Fund based limits	23.00	[ICRA]C reaffirmed
Non fund based limits	3.60	[ICRA]C reaffirmed
Fund based / Non fund based limits	3.80	[ICRA]C reaffirmed

ICRA has reaffirmed the [ICRA]C (pronounced ICRA C) rating to the Rs. 23.00 crore fund based limits, Rs. 3.60 crore non-fund based limits and the Rs. 3.80 crore fund based/non-fund based interchangeable facilities of IBC Limited (IBCL)*.

The ratings continue to be constrained by the delays in servicing of debt obligations owing to cash flow mismatches due to the necessity to stock high levels of inventory and undertake bulk shipments for export sales. Cash flows were also strained by the fund outflows to subsidiary Andhra Barytes Corporation Limited (ABCL) towards capital expenditure for setting up a baryte beneficiation plant and meeting working capital requirements. However, setting up of beneficiation plant in January'14 would lead to higher value addition and hence higher margins going forward. ICRA also notes the more than four decades of presence of IBCL in the mineral export business and the proximity to major barytes mining zone of Mangampet in Kadapa district of Andhra Pradesh resulting in lower transportation costs and access to high quality baryte raw material free of strontium and other heavy metals. Improvement in the profitability ratios and commencement of commercial production for the subsidiary ABCL is likely to improve the cash flows of the company. Timeliness of servicing debt obligations will remain a key rating sensitivity.

Company Profile

IBC Limited (formerly known as Indian Barytes and Chemicals Limited) was incorporated in 1972 by Late Mr. Obul Reddy (Father of the present Managing Director, Mr. Rajamohan Reddy) who had been in Baryte trading business since 1950's. IBCL was originally formed as a partnership company under the name of 'Indian Barytes and Chemicals' and was subsequently converted into a limited company in 1985. The company largely sells Barytes to oil-well drilling companies (domestic and multinational) where it is used in the oil drilling process.

In the financial year 2012-13, IBCL reported an Operating Income of Rs. 62.83 Crore with Profit after tax of Rs. 2.64 Crore as against Operating Income of Rs. 67.90 Crore and Profit after tax of Rs. 0.40 Crore in financial year 2011-12.

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* For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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