

Press Release

Parmeshwar Metal Private Limited

June 14, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 14.00 crore bank facilities of Parmeshwar Metal Private Limited. The outlook is '**Stable**'.

Gujarat-based, Parmeshwar Metal Private Limited was incorporated in 2016 for manufacture of copper wire rod of 1-8mm thickness and fine and superfine size of 0.40-0.50 mm diameter. The company is promoted and managed by Mr. Radheshayam Jankilal Shah and his son Mr. Rajendrakumar Devkinandan Shah and Shantilal Kailashchandra Shah. The company has installed capacity of 12000M.T. per annum, the company expects to utilize 50 per cent in FY18-19. The plant is located in Dehgam, Gujarat.

Key Rating Drivers

Strengths

- **Established relationship with metal industry units**

The promoters of the company have experience of more than one decade in supplying various metal products like TMT bars, rods, etc and thus have established relationship with metal consuming units.

Weaknesses

- **Moderate future financial risk profile**

The company has set up its plant at a capital cost of Rs. 16.00 crore; which is funded by term loan of Rs. 5.00 crore and promoters' contribution of Rs. 11.00 crore (including unsecured loan of Rs. 7.50 crore). The adjusted debt to equity (total debt excluding unsecured loan) is expected to be ~2.80 times for FY 18-19. The interest coverage is expected to be ~2.01 times and DSCR of ~1.84 times for FY 18-19.

- **Initial Stage of Operation**

PMPL started its operations from May 2018. The operations are in initial stage and the company is expecting to utilise ~50 per cent of its installed capacity in FY 18-19. The company will have to demonstrate its ability to generate cash flows commensurate with its debt obligation.

Analytical Approach

Acuite has considered standalone business and financial risk profile of the company to arrive at the rating of the company.

Outlook: Stable

SMERA believes that PMPL will remain stable over the medium term on account of its management experience and established relationship in the metal industry. Outlook may be revised to 'positive' if company is able to achieve higher than expected growth in revenue along with higher margins. On the contrary; the outlook may be revised to 'negative' in case of lower utilization of installed capacity with lower margins, impacting the credit profile of the company.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
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Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.00	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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