

Press Release

CASTCO

July 20, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 8.00 crore bank facilities of CASTCO. The outlook is '**Stable**'.

Castco is a proprietorship firm promoted by Mr. Ravi Dolli in 2018. The firm is engaged in the business of steel casting, primarily tooth-points which are used in excavators and earth movers. The installed capacity is 500 MTPA.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Ravi Dolli has an experience of 20 years in the steel casting industry. He is also the Managing Director of Mayura Steels Private Limited which has been in the steel casting industry for the past 2 decades.

Weaknesses

- **Nascent stage of operations**

The company has just initiated operations, since April 2018, and posted a revenue of ~Rs.5.00 crore during April to June 2018.

- **Highly competitive and fragmented industry**

Castco operates in a highly fragmented industry with limited entry barriers, wherein the presence of a large number of players in the unorganised sector limits the bargaining power with customers.

- **Capital withdrawal risk**

Castco is exposed to risk of capital withdrawal risk considering its proprietorship constitution. However, no such instances have been observed during the period under study.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the Castco to arrive at this rating.

Outlook: Stable

Acuite believes that Castco will maintain a 'Stable' outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the firm registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the firm registers lower-than-expected growth in revenues and profitability or if the financial risk profile deteriorates due to higher than expected working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.78	0.00	0.00
EBITDA	Rs. Cr.	-0.02	0.00	0.00
PAT	Rs. Cr.	-0.02	0.00	0.00

EBITDA Margin	(%)	-2.48	0.00	0.00
PAT Margin	(%)	-2.51	0.00	0.00
ROCE	(%)	-0.63	0.00	0.00
Total Debt/Tangible Net Worth	Times	11.22	0.00	0.00
PBDIT/Interest	Times	-68.03	0.00	0.00
Total Debt/PBDIT	Times	-291.29	0.00	0.00
Gross Current Assets (Days)	Days	1868	0	0

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE B / Stable

Contacts

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About Acuité Ratings & Research:

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