

Press Release

Paramount Polymers Private Limited

September 14, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 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**) to the Rs. 10.00 crore bank facilities of Paramount Polymers Private Limited (PPPL). The outlook is '**Stable**'.

Based in Pune, PPPL was established by Mr. Aneesh Khurana, Mrs. Reetika Khurana and Mr. Bibhu Prasad Bhuyan in 1991. PPPL is engaged in manufacturing of plastic and rubber molded components and has manufacturing facilities located at Faridabad, Pune, Haridwar, Baddi and Dheradhun. PPPL was amalgamated in November 2017 with companies- Pine Plasticizers Private Limited (PPP), Haldhar Trading Private Limited (HTPL), Willow Polymers Private Limited (WPPL), Cedar Packaging Private Limited (CPPL), Pine Packaging Private Limited (PPL) and Sai Reclamation Private Limited (SRPL).

Analytical Approach

Acuite has considered the consolidated business and financial risk profile of PPPL along with its group companies PPP, HTPL, WPPL, CPPL, PPL and SRPL as the companies are in same line of business and under a common management.

Key Rating Drivers

Strengths

• Experienced management

The Directors, Mr. Aneesh Khurana, Mrs. Reetika Khurana and Mr. Bibhu Prasad Bhuyan have more than two decades of experience in the plastic and rubber molding industry. The same is reflected through its established relations with its customers and suppliers. Acuite believes that PPPL will continue to benefit from the experienced management.

Weaknesses

• Working capital intensive operations

The operations of the company are working capital intensive marked by high Gross Current Assets (GCA) days of 189 in FY2018 (Provisional) as against 212 in FY2017. This is majorly on account of high other current assets of Rs.6.38 crore in FY2018 (Provisional) as against Rs.10.52 crore in FY2017. The other current assets mostly consist of advances to suppliers of Rs.4.99 crore in FY2018 (Provisional) and Rs.5.17 crore in FY2107.

• Competitive and fragmented nature of industry

The plastic industry faces intense competition in the Indian markets from various organised and unorganised players. Hence, the business is very competitive because of wide availability of players. This indicates an intense price war among the players.

Outlook: Stable

Acuite believes that the outlook on PPPL will remain 'Stable' over the medium term on account of its management's extensive experience. The outlook maybe revised to 'Positive' in case of substantial and sustained improvement in its revenues and profitability from the current levels. Conversely, the outlook maybe revised to 'Negative' in case of deterioration in the working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)*
Operating Income	Rs. Cr.	104.66	89.32	11.94
EBITDA	Rs. Cr.	11.78	6.91	3.22
PAT	Rs. Cr.	2.96	1.16	-0.14
EBITDA Margin	(%)	11.26	7.73	26.94
PAT Margin	(%)	2.83	1.30	-1.21
ROCE	(%)	10.00	10.90	13.83
Total Debt/Tangible Net Worth	Times	2.15	2.28	1.09
PBDIT/Interest	Times	2.42	3.41	1.63
Total Debt/PBDIT	Times	4.60	3.04	5.67
Gross Current Assets (Days)	Days	189	212	640

*The FY2016 financials consists of the consolidated figures of PPPL and WPPL.

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>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.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 (Assigned)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Assigned)

Contacts

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About Acuité Ratings & Research:

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