

Press Release
Class India Company

July 05, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable (Assigned)
Short Term Rating	ACUITE A4 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.20.00 crore bank facilities of Class India Company. The outlook is '**Stable**'.

Nalagarh, Himachal Pradesh based Class India Company was established in 2018 by Mr. Rajesh Gupta, Mr. Gaurav Gupta, Mr. Puneet Gupta and Ms. Vishakha Aggarwal. The primary business of the firm is manufacturing / Extrusion of All metals i.e. Brass, Copper, Aluminum/ Stainless steel and all allied items i.e. Rod, Pipe, Hollow, Flat etc. and Cosmetic, Herbs and all trading activities.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the Class India Company to arrive at this rating.

Key Rating Drivers

Strengths

• **Experienced management:**

Mr. Puneet gupta who is the managing partner of the firm have an experience of 6 years in managing the business which is engaged in manufacturing of Bicycle, Engineering Products and spares of Automobiles industries at Ludhiana namely Gupta Bikes Pvt Ltd, M/s Gupta Exports and Exporting the same to different countries.

Weaknesses

• **Nascent stage of operations:**

The firm is yet to commence its commercial operation and the same is expected to start from July 2019. The firm is also exposed to offtake risk. The firm's ability to scale up its business will remain a key rating sensitivity factor.

• **Intense competition**

The company operates in market which is marked by the presence of several organized and unorganized players which will put pressure on margins and restricts bargaining power with the clients.

Liquidity position

The firm is yet to start the operation. As per 31st march 2019(Provisional), the firm is not availing any facility hence there is no debt maturity obligation. The cash accruals of the firm are estimated to be Rs. 3.24 crore in FY2020 to Rs.11.56 crore in FY2022 while the debt maturity obligation is estimated to be Rs.0.50 crore each year for the same period.

Outlook: Stable

Acuité believes the firm will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company achieves higher than projected revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower than Projected revenues and profitability, or in case of deterioration in the company's financial risk profile or higher than expected working capital requirements.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.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. Crore)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE B/Stable (Assigned)
Proposed Term loans	Not Applicable	Not Applicable	Not Applicable	14.75	ACUITE B/Stable (Assigned)
Proposed bank guarantee	Not Applicable	Not Applicable	Not Applicable	0.75	ACUITE A4 (Assigned)
Proposed letter of credit	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4 (Assigned)

Contacts

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About Acuité Ratings & Research:

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