

## Press Release

### Rose Metals

August 25, 2022



## Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	14.00	ACUITE BB   Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	14.00	-	-

## Rating Rationale

Acuité has reaffirmed & withdrawn the long term rating at '**ACUITE BB**' (read as **ACUITE double B**) to the Rs. 14.00 crore bank facilities of Rose Metals (RM).

The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the company and NOC received from the banker

## About the Company

Kerala-based, Rose Metals was established as a proprietorship concern in the year 2012 by Ms. Amy Joby. The day to day operations of the firm is managed by her husband Mr. Joby Joseph. The entity is engaged in wholesale and retail trade of stainless steel pipes and tubes for construction activities. The firm sells its products in and around Kerala region and started its operations in Mangalore region too.

## Analytical Approach

Acuité has considered the standalone business and financial risk profile of RM to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Promoter's industry experience; Improving revenue and steady profitability margins

The promoter, Ms. Amy Joby and her husband Mr. Joby Joseph have been in the industry for close to a decade; this has resulted in an established relationship with customers and suppliers. Rose Metals is engaged in trading business and the company has registered a revenue of Rs. 75.24 Crores in FY22 and Rs.65.77 Crores in FY21. The revenue has increased on the back of repeated orders from existing customers. Further, the company is reflecting slight improvement in EBITDA Margin from 3.94% in FY21 to 4.02% in FY22. Simultaneously, there PAT Margin also increased from 1.52% in FY21 to 2.02% in FY22.

## Moderate Financial Risk Profile

The financial risk profile of the firm has remained moderate with modest net worth, moderate capital structure and debt protection metrics. The net worth of the firm stood at Rs.10.55 Cr as on March 31, 2022 (Provisional) as against Rs.10.32 Cr as on March 31, 2021. Gearing (Debt-to-equity) stood at 1.39 times as on March 31, 2022(Provisional) as against 1.71 times as on March 31, 2021. Gearing improved marginally on account of marginal decline in Debt levels. Debt protection metrics Interest Coverage Ratio and Debt Service Coverage Ratio stood at 2.19 times each and 1.79 times each as on March 31, 2022 (Provisional) and March 31, 2021 respectively. Acuité believes that financial risk profile of the firm is expected to remain moderate in the medium term.

## Weaknesses

### Moderate Working Capital Management

The operations of the firm have been moderately managed with Gross Current Assets (GCA) days of 99 days and 123 days as on March 31, 2022 (Provisional) and 2021, respectively. The working capital limits of the firm have remained utilized at 98.21 percent for the last one year ended March 2022. Acuité believes that RM's working capital cycle will remain moderate over the medium term.

## Rating Sensitivities

- Improvement in revenue and profitability going forward
- Significant Improvement in working capital management of the company resulting into
- Improved liquidity.

## Material covenants

None.

## Liquidity Position

### Adequate

The liquidity position of the firm has remained adequate with adequate net cash accruals to service debt obligations. The firm has generated cash accruals of Rs.1.64 Cr in FY2022 (Provisional) as against nil debt repayment obligations. Current ratio of the company stood at 1.25 times as on March 31, 2022 (Provisional). Cash and Bank balance stood at Rs.0.67 Cr as on March 31, 2022 (Provisional). Acuité believes that the liquidity of the firm is likely to remain adequate over the medium term on account of moderate cash accruals.

## Outlook

Not Applicable

## Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	75.24	65.77
PAT	Rs. Cr.	1.52	1.00
PAT Margin	(%)	2.02	1.52
Total Debt/Tangible Net Worth	Times	1.39	1.71
PBDIT/Interest	Times	2.19	1.79

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

Not applicable

## Any other information

None

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Trading Entitle: <https://www.acuite.in/view-rating-criteria-61.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 Jul 2021	Cash Credit	Long Term	14.00	ACUITE BB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.00	ACUITE BB   Reaffirmed & Withdrawn

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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