



Press Release
PAVITER METALS PRIVATE LIMITED
August 06, 2025
Rating Assigned, Upgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	21.15	ACUITE BB Stable Assigned	-
Bank Loan Ratings	5.00	ACUITE BB Stable Upgraded	-
Bank Loan Ratings	3.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	26.15	-	-
Total Withdrawn Quantum (Rs. Cr)	3.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE Double B**) from '**ACUITE B**' (read as **ACUITE B**) on the Rs.5.00 Cr. bank facilities of Paviter Metals Private Limited (PMPL). The outlook is '**Stable**'.

Acuité has also assigned its long-term rating of '**ACUITE BB**' (read as **ACUITE Double B**) on the Rs.21.15 Cr. bank facilities of Paviter Metals Private Limited (PMPL). The outlook is '**Stable**'.

Acuité has withdrawn its short-term rating on Rs.3.00 Cr. bank facilities of Paviter Metals Private Limited without assigning any rating as the instrument is fully repaid. The rating is being withdrawn on account of request received from the Company and No Dues Certificate received from the banker.

The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for upgrade:

The rating upgrade and migration from 'Issuer non cooperating' takes into account PMPL's improvement in the operating performance of the company over the years. The rating further draws comfort from the extensive experience of the management in trading industry. However, the rating is partly offset by the average financial risk profile, moderately intensive working capital operations of the company along with the intense competition and inherent cyclical nature of steel industry.

About the Company

Incorporated in the year 2003, Paviter Metals Private Limited is promoted by Mr. Baldev Raj, Mr. Naresh Dhawan and Mr. Sanjeev Kumar. The company is engaged in the business of wholesale trading of steel products like angles, channels, rounds, hex, billet, wire rod in carbon steel, alloy steel, magnesia steel, etc. The registered office and the manufacturing facilities of the company are located in Ludhiana.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered standalone business and financial risk profile of Paviter Metals Private Limited (PMPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced promoters

The promoters are having experience of more than a decade in trading industry. Further, long standing in the market has helped the company in building business relationships with its clients.

Improving scale of operations

The revenue of the company improved and stood at Rs.308.25 Cr. In FY2025 (Prov) against Rs.264.07 Cr. In FY2024. The growth was primarily driven by an increase in sales volumes despite moderation in sales realisations. Further, the operating profit margin of the company also improved and stood to 1.51 percent in FY2025 (Prov) compared against 1.15 percent in FY2024.

Weaknesses

Moderately intensive working capital management

The working capital management of the company is moderate marked by gross current assets (GCA) of 41 days as on March 31, 2025 (Prov.) (44 days as on March 31, 2024). While, the company maintains minimal inventory owing to trading nature, the procurements are at low credit period of 5-10 days, however, the debtor days also ranges around 30 days. Therefore, the average utilization of working capital limits remained moderately utilised at ~81.81 percent over the last eight months ending Jun 2025.

Moderate financial risk profile

The networth of the company improved due to profit accretion but stood low at Rs. 15.35 Cr. as on March 31st, 2025 (Prov) as against Rs. 13.36 Cr. as on March 31st, 2024. The debt levels increased in FY25 majorly towards short term borrowings, therefore, gearing moderated to 1.38 times as on March 31, 2025 (Prov) as compared to 1.10 times as on March 31, 2024. However, the debt protection metrics stood comfortable at 2.49 times interest coverage ratio & 1.67 times debt service coverage ratio in FY25 (Prov)(2.68 times and 1.74 times respectively in FY24).

Intense competition and inherent cyclical nature of steel industry:

The company is exposed to intense competition in the steel sector due to the presence of large number of unorganised players in the market. Further, the demand for steel products predominantly depends on the construction and infrastructure sectors. Thus, company's business risk profile is exposed to the inherent cyclicity in these sectors.

Rating Sensitivities

- Continued growth in scale of operations while improvement in profitability margins
- Significant elongation of working capital cycle impacting the financial and liquidity profiles

Liquidity Position

Adequate

The company's liquidity position is adequate marked by generation of sufficient net cash accruals of Rs. 2.15 Cr. in FY2025 (Prov) as against its maturing debt obligations of Rs.0.53 Cr. in the same tenure. In addition, it is expected to generate cash accrual in the range of Rs. 3.60 – Rs. 4.02 Cr. as against maturing repayment obligations in the range of Rs. 0.52 Cr. over the medium term. The cash and bank balances of the company stood at Rs. 0.51 Cr. as on March 31, 2025 (Prov). The current ratio stood comfortable at 1.53 times as on March 31, 2025 (Prov). However, the average fund-based limit utilisation stood moderate at ~81.81 percent in last eight months ended Jun 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	308.25	264.07
PAT	Rs. Cr.	1.99	1.32
PAT Margin	(%)	0.65	0.50
Total Debt/Tangible Net Worth	Times	1.38	1.10
PBDIT/Interest	Times	2.49	2.68

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Feb 2025	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B (Downgraded & Issuer not co-operating* from ACUITE B+)
17 Nov 2023	Bank Guarantee/Letter of Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
30 Aug 2022	Bank Guarantee/Letter of Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	1.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	Not Applicable Withdrawn
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB Stable Upgraded (from ACUITE B)
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.25	Simple	ACUITE BB Stable Assigned
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.90	Simple	ACUITE BB Stable Assigned

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About Acuité Ratings & Research

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