Rating Rationale

PREMIERWORLD Technology Limited 24 Apr 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 19.71 Crores of PREMIERWORLD Technology Limited (PwTL).

Particulars

Facility	Amt (₹ Crs)	Tenure	Rating*
Fund based: Cash Credit	6.50	Long Term	BWR B+ (Pronounced as BWR B Plus) Outlook: Stable
Non Fund Based: Letter of Credit Bank Guarantee	2.31 10.90	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	19.71	INR Nineteen Crores and Seventy One Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating under Credit Watch with Positive / Negative / Developing implications

Rating Assigned:

Brickwork Ratings assigns the Long Term rating of *BWR B+ (Outlook: Stable)* and Short Term rating of BWR A4 for the aggregate bank loan facilities amounting to ₹ 19.71 crores of PREMIERWORLD Technology Limited. (PwTL or 'the Company')

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Description of Key Rating Drivers

The rating has factored, inter alia, experienced management, diversified product portfolio, geographical reach and scope of growth opportunities. However, the rating is constrained by low scale of operations, moderate net worth and elongated receivable days.

Going forward, ability of the Company to improve its scale of operations, to improve its profitability by managing its working capital efficiently and to service its interest obligations on time would be the key rating sensitivities.

Credit Strengths:

- **Experienced management:** PwTL is governed by a five member board of directors. Day to day operations of the company are managed by Mr. Shrikant Goenka, having more than two decades of experience and Mr. Michael John Pook, having almost three decades of experience in the Industry.
- **Diversified Product Portfolio:** PwTL in engaged in the creation of fountains, creative lighting of monuments, ride simulation, mirror mazes, dark rides, etc.
- **Geographical Reach:** PwTL has executed projects in India and abroad, covering almost 40 countries.
- **Backward integration:** The Company has in-house manufacturing unit in West Bengal, for major components required for the projects undertaken.

Credit Risks:

- **Small scale of operations:** The scale of operations are low reflected by total operating income of Rs. 23.79 Crores in FY18, stand at a moderate level.
- **Elongated receivable days:** The operations of the Company are working capital intensive reflected by its receivable days of 465 in FY18.
- **Average financial risk profile:** Net losses over the past two years have lowered net worth, which stands at Rs.9.58 Crores in FY18. Moreover, the debt to net worth ratio has risen to 2.13x in FY18.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes that **PREMIERWORLD Technology Limited's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Established in 1965 as Premier Irrigation Equipment Ltd. and reconstituted as PREMIERWORLD Technology Ltd., this Company is engaged in the creation of state-of-the-art products which include Fountains and creative lighting, Ride simulation, Multimedia shows, Mazes and dark rides .PwTL was incorporated by Late Shri Kedar Nath Goenka. The head office of the company is located at 17-1C Alipore Road,Kolkata and their manufacturing unit (for metal parts) is located in West Bengal. PwTL runs under the directorship of Shri K.K. Goenka, Mr. Shrikant Goenka, Mr. Michael John Pook, Mr. Kamlesh Kumar Sinha and Mr. Gopal Prasad Poddar.

Company's Financial Performance

The Company has reported total operating income of Rs.23.79 crores in FY18 as compared to Rs.36.46 crores in FY17. Net loss of the company was at Rs.6.82 Crores in FY18. Company has reportedly achieved total operating income of Rs.26.00 Crores in FY19.

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amt (₹ Crs)	Rating	2018	2017	2016
1.	**Fund Based**	Long Term	6.50	**BWR B+ (Pronounced as BWR B Plus) Outlook: Stable**	**NA**	**NA**	**NA**
2.	**Non Fund Based**	Short Term	13.21	**BWR A4 (Pronounced as BWR A Four)**	**NA**	**NA**	**NA**
	Total		**19.71**	**₹ Nineteen Crores and Seventy One Lakhs Only**			

Status of non-cooperation with previous CRA (if applicable)-**CARE has moved the rating of PREMIERWORLD Technology Ltd. to "ISSUER NOT CO-OPERATING" category on 18-Mar-2019 due to non-submission of information.**

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type			
Operating Revenue	₹ Cr	23.79	36.46
EBITDA	₹ Cr	(3.94)	(0.13)
PAT	₹ Cr	(6.82)	(2.67)
Tangible Net worth	₹ Cr	9.58	16.30
Total Debt/Tangible Net worth	Times	2.13	0.95
Current Ratio	Times	1.21	1.47

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

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