

## Rating Rationale

14 April 2026

### Panem Industries Pvt Ltd

**Brickwork Ratings upgrades and assigns ratings for bank loan facilities of Rs. 59.10 Crs., and withdraws the rating for the bank loan facilities of Rs. 32.72Crs. of Panem Industries Pvt Ltd.**

#### Particulars:

Facilities**	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (13th March 2026)	Present
<b>Fund-Based</b>					
Cash Credit	31.22	<b>55.00</b>	Long Term	BWR B /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>BWR BBB/Stable /removal from ISSUER NOT COOPERATING* category/Upgraded</b>
SLC-FBWC		<b>4.10</b>			<b>BWR BBB/Stable Assignment</b>
Fund-Based Sub Total	31.22	<b>59.10</b>	Long Term		
<b>Non-Fund-Based</b>					
Bank Guarantee	1.50	<b>0.00</b>	Short Term	BWR A4 Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>Withdrawal</b>
Non-Fund Based Sub Total	1.50	<b>0.00</b>	Short-Term		
<b>Grand Total</b>	<b>32.72</b>	<b>59.10</b>	<b>(Rupees Fifty Nine Crore and Ten Lakhs Only)</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank Loan facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings has assigned the ratings at BWR BBB/Stable for the bank loan facilities of Rs. 59.10Crs and withdrawn the ratings assigned to the facilities of Rs. 32.72Crs

Brickwork Ratings has relied on the audited financials of Panem Industries Pvt Ltd for FY24 and FY25, information furnished by the client and its bankers, to arrive at the present ratings. Brickwork Ratings has assigned the ratings at "BWR BBB/Stable" for the bank loan facilities of Rs. 59.10 Crs. The assignment of the rating draws strength from the vast business experience of the promoters in the steel industry, an established track of operations and upmove trend of sales. However, the rating is constrained by the thin profitability margins, intense competition, moderate debt metrics protection and volatility associated with the business.

BWR believes that the business risk profile of Panem Industries Pvt Ltd 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, with improvement in debt protection metrics. The rating outlook may be revised to 'Negative' if the revenues go down, profit margins show lower than expected figures or if there is a delay in debt servicing.

#### **KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED**

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

#### **KEY RATING DRIVERS**

##### **Credit Strengths:-**

**Decades of Promoter Experience:** With more than three decades in steel manufacturing, promoter Mr. Pravin Nemani leads a management team that is diverse in both age and experience. These leadership strengths, paired with long-term customer relationships, provide a solid foundation for the business.

**Comfortable capital structure and moderate debt protection metrics :** The company's financial risk profile is comfortable marked by revenue of Rs. 668.30Cr. and overall gearing of 1.41x as on March 31, 2025, on the back of healthy net worth base of Rs. 59.15Cr. Interest coverage ratio remained moderate at 2.78x as on March 31, 2025, respectively. Brickwork Ratings expects improvement in capital structure and debt coverage indicators in the medium term aided by improved accruals and absence of debt-funded capex.

**Healthy Working Capital Cycle :** The working capital cycle for the company was 20 days in FY24 and 27 days to FY25, primarily due to payables of 49 days in FY24 and 45 days in FY25 and Inventory days of 36 days in FY24 and 26 days in FY25 which is healthy Steel is a capital-intensive sector with complex supply chains, so staying under the 30-day mark suggests a very "lean" operation.

##### **Credit Risks:-**

**Thin Profit Margins:** Profitability remains exposed to price volatility of its key raw material, which forms major portion of cost of sales. The company's profits and cash flow are highly sensitive to changes in raw material costs. Operating margins rose slightly to 2.05% in FY25 (up from 1.98% in FY24), while the net profit margin remained flat at 0.59% for both years.

**Exposure of margins to high raw material prices:** Panem uses billets as the primary raw material for manufacturing TMT bars, which constitute a significant portion of its operating expenses. The company's products involve limited value addition and operate in a highly competitive market, given the presence of several players in the TMT bar segment. Panem's operating margins remain highly sensitive to fluctuations in raw material prices. Highly fragmented and competitive steel industry. The steel industry is highly fragmented and competitive due to the presence of large number of organized and unorganized players. Also, the steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market. Given the volatile economic environment, there has been slowdown in release of new contracts, which has resulted in sluggish growth being witnessed by the industry. The company is engaged in the production of a products, Panem TMT bars (though of different sizes and grades) which deprives it from benefits of product diversification.

**ANALYTICAL APPROACH - Standalone**

For arriving at these ratings, BWR has considered the standalone performance of the entity. BWR has applied its rating methodology.

**RATING SENSITIVITIES**

Going forward, the ability of the company to improve its revenue and financial risk profile would remain the key rating sensitivities

**Upward:**

- Sustained scaling up of operations, with Total Operating Income(TOI) consistently exceeding Rs. 700Cr in FY27, driven by manufacturing activities, accompanied by a sustained improvement in EBITDA margin above 2%.
- Maintenance of consistent gearing levels below 1.23x.
- Continued sustenance of the capital structure and further improvement in debt protection metrics.

**Downward:**

- Any decline in the scale of operations by 25% or more, and/or a sustained deterioration in profitability, leading to impaired liquidity and/or debt protection metrics.
- Deterioration in working capital management that adversely impacts the company's liquidity position.

**LIQUIDITY INDICATORS - Adequate**

The company exhibits adequate liquidity, underpinned by net cash accruals of Rs 7.80 Crores, which comfortably service its debt. Healthy debt protection metrics were maintained in FY25, with a DSCR of 1.62x and an ISCR of 2.78x. Working capital is efficiently managed, reflected by an average utilization of approximately 76% of sanctioned limits and an optimal current ratio of 1.17x during FY25. Furthermore, the company has maintained provisions for unforeseen capital expenditures, and combined with an unutilized working capital buffer and the management's capacity to infuse additional capital, these factors position the company with a robust and healthy liquidity profile.

**ABOUT THE ENTITY:**

Founded in 1990, Panem Industries Private Limited has built a strong reputation as a manufacturer of various steel products, including hollow sections, TMT bars, and MS square pipes. The company ensures the durability and high quality of its inventory through a dedicated internal review process, allowing it to provide products in numerous sizes and specifications to meet diverse industrial needs. To further solidify its standing, Panem Industries is currently working toward obtaining ISO 9001:2000 certification and official ISI marking. This focus on quality is a core value that the group intends to maintain well into the future. The company operates its manufacturing through several specialized facilities located in the Choudagra Industrial Area of the Fatehpur District, which house rolling mills, tube mills, an ingot plant, and mills for profiles and sections

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Iron and Steel Products

### ESG Profile

The company demonstrates an adequate ESG profile based on its environmental, social, and governance practices.

**Environmental:** Environmental risks are driven by high water usage, waste generation, and reliance on energy-intensive processes, making disclosures on water consumption, waste-management practices, renewable energy share, and emissions levels particularly important. **Social:** Social factors hinge on adherence to labour laws, accident prevention frameworks, and human-capital development, with metrics such as workforce mix, safety performance, and training initiatives offering insights into operational resilience.

**Governance:** Governance assessment focuses on board independence, committee effectiveness, and robustness of compliance systems, supported by readily available disclosures on board structure, audit mechanisms, and risk-management practices.

### KEY FINANCIAL INDICATORS

Key Parameters	Units	FY 22 - 23 (Audited - Annual)	FY 23 - 24 (Audited - Annual)	FY 24 - 25 (Audited - Annual)
Operating Revenue	Rs.Crs.	595.30	617.65	668.30
EBITDA	Rs.Crs.	9.70	12.23	13.68
PAT	Rs.Crs.	3.64	3.67	3.93
Tangible Net Worth	Rs.Crs.	45.06	47.98	51.95
Total Debt / Tangible Net Worth	Times	0.97	0.95	1.41
Current Ratio	Times	1.17	1.16	1.17

### NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

NA

### ANY OTHER INFORMATION: None

### RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Facilities	Current Rating (2026)			2026		2025	
	Type	Tenure	Amount (Rs.Crs.)	Date	Rating	Date	Rating
Fund Based	LT	55.00	BWR BBB/Stable/Removal from INC Category/Upgraded	13th March 2026	BWR B/Stable (Continues to be Issuer Non-Cooperating Category/Reaffirmed) (Rs. 32.72 Crs)	24th Jan 2025	BWR B/Stable (Continues to be Issuer Non-Cooperating Category/Downgraded) (Rs. 32.72 Crs)
		4.100	BWR BBB/Stable/Assignment				
Non-Fund Based	ST	0.00	Withdrawal	13th March	BWR A4 (Continues to be	24th Jan 2025	BWR A4 (Continues to be

				2026	Issuer Non-Cooperating Category/Reaffirmed) (Rs. 1.50 Crs)	Issuer Non-Cooperating Category/Reaffirmed) (Rs. 1.50 Crs)
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**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Manufacturing Entities](#)
- [BWR Withdrawal Policy](#)

### Analytical Contacts

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### Panem Industries Pvt Ltd

#### ANNEXURE I Details of Bank Loan Facilities rated by BWR

Name of the Bank	Facilities	Tenure	Amount (Rs.Crs.)	Complexity of the Instrument
State Bank of India	Cash Credit	Long Term	55.00	Simple
State bank of India	SLC-FBWC	Long Term	4.10	Simple
<b>Total</b>	<b>(Rupees Fifty Nine Crores and Ten Lakhs Only)</b>		<b>59.10</b>	

\*For more information visit: [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**ANNEXURE II**  
**INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS**  
**NIL**

**List of instruments and regulators**

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

<b>Instrument/Activity</b>	<b>Regulator</b>
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) <sup>1</sup>	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) <sup>-1</sup>	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) <sup>-1</sup>	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs <sup>-2</sup>	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme <sup>-3</sup>	-
Issuer Ratings <sup>4</sup>	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) <sup>-1</sup>	Investor-side Regulator such as IRDAI, PFRDA <sup>5</sup>
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies <sup>6</sup>	NA

- Includes securitisation transactions involving assignee payout, acquirer's payout.
- Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
- The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with names of respective regulators.
- There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
- These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
- Permitted by SEBI vide SEBI Master Circular for CRAs

**Grievance Management:** For any grievances relating to rating of instruments regulated by SEBI, please contact

[sebigrievance@brickworkratings.com](mailto:sebigrievance@brickworkratings.com). Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

**For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact [grievance@brickworkratings.com](mailto:grievance@brickworkratings.com)**

**ANNEXURE III**  
**List of entities consolidated**  
**NIL**

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**About Brickwork Ratings**

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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