



## Rating Rationale

Paradise Sanitaryware Pvt. Ltd.

24Jan2019

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 4.76 Crores of Paradise Sanitaryware Pvt. Ltd.(PSPL)**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2017)	Present
<b>Fund Based</b>					
Cash Credit	4.50	3.00	<b>Long Term</b>	<b>BWR B</b> (Pronounced as <b>BWR Single B</b> ) Outlook: Stable	<b>BWR B</b> (Pronounced as <b>BWR Single B</b> ) Outlook:Stable (Reaffirmed)
Term Loan	3.47	1.76			
<b>Total</b>	<b>7.97</b>	<b>4.76</b>	<b>INR Four Crores and Seventy Six Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of Paradise Sanitary Ware Pvt Ltd (PSPL) up to FY18, projections upto FY20 and publicly available information and information/clarifications provided by the management.

The rating derives comfort from experience of promoters satisfactory interest coverage ratio and debt coverage ratio . The rating is however is constrained by small scale of operations, net loss, low net worth, high gearing , tight liquidity , fragmented and competitive nature of industry.

Going forward, the company's ability to achieve enhanced scale of operations with increased revenues, and profits,service the debt obligations promptly and manage its working capital efficiently will be the key rating sensitivities.



## Description of Key Rating Drivers

- **Credit Strengths:**

One of the promoters of the company is having experience of 21 years. Interest coverage ratio is 3.42 x in FY 18 and debt coverage ratio is at 1.14.x in FY18

- **Credit Risks:**

Small scale of operations with an average revenue of Rs 9.77 Crs in the last three FYs. PAT continued to be negative 0.17 crs in FY18. Tangible net worth stood at Rs. 2.23 crs in FY18, Total Gearing is at 3.63x in FY18, liquidity is marked by Current ratio at 1.08x in FY18 along with 100% utilization of Working capital facility .

## 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 the **Paradise Sanitaryware Pvt. Ltd.** 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

Paradise Sanitary Ware Private Limited was incorporated in March, 2014 with registered office in Rajkot, Gujarat. The Company is part of Gujarat based Paradise Group. The company is engaged in manufacturing of ceramic sanitary ware products such as ceramic toilets, wash basins, ceramic urinals, water closets, vitrosa sets ,etc. The company has its manufacturing unit in Thangadh (Gujarat) with land area of 12 Acres same is owned by the company and a production capacity of 50 tonnes per Day out of which actual production is 30 tonnes per day. The commercial operation of the company has started in August, 2015. The company is an ISO 9001:2008 certified company and sells its products under brand name "Paradise GOLD".



### Company Financial Performance

Revenue is Rs. 9.33 Crs and PAT is . Rs. -0.17 crs as at FY18. The Tangible Net Worth of the company stood at Rs. 2.23 Cr in FY18

### Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type	Amount (₹ Crs)	Rating	7.3.2017	2016	28.12.2015
1	Fund Based Cash Credit Term Loan	Long Term	3.00 1.76	<b>BWR B</b> (Pronounced as BWR Single B) Outlook:Stable	<b>BWR B</b> (Pronounced as BWR Single B) Outlook:Stable	<b>Not rated</b>	<b>BWR B</b> (Pronounced as BWR Single B) Outlook:Stable
<b>Total</b>			<b>4.76</b>	<b>₹ Four Crores and Seventy Six Lakhs Only</b>			

Status of non-cooperation with previous CRA - Not to our knowledge

Any other information - Nil

### Key Financial Indicators

Key Parameters	Units	2018	2017
<b>Result Type</b>			
Operating Revenue	₹ Cr	9.33	12.54
EBITDA	₹ Cr	1.18	1.70
PAT	₹ Cr	-0.17	-0.35
Tangible Net worth	₹ Cr	2.23	2.40
Total Debt/Tangible Net worth	Times	3.63	4.28
Current Ratio	Times	1.08	1.02



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

For any other criteria obtain hyperlinks from website

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

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