Rating Rationale

Pelicans Automotive & Promotional Products Pvt Ltd

18 Jun 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 30.00 Crores of Pelicans Automotive & Promotional Products Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (April,2017)	Present
Fund based	1.00	1.00	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable
Non Fund Based	24.00	29.00	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus)
Total	25.00	30.00	INR Thirty crore only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited financial results of Fy 16, Fy 17, Fy18, and projections till Fy 2020, publicly available information and clarification / information provided by the company.

The rating draws strength from an adequate experience of the promoters , moderate capital structure, coverage indicators and comfortable liquidity position. The rating is however, constrained by fluctuating margins over the last couple of years. The rating also considers the vulnerability of company's

profitability to the movements in foreign exchange (governed by international factors) as well as company's clint concentration to a single client.

Rating Sensitivity: The ability of the company to utilize its forward contract facility as per guidelines for business purpose, along with improving its overall financial risk profile would be its key rating sensitivity.

Key Rating Drivers

- Experience of Promoters: Company is managed by Mr. Aslam Merchant and Mr. Prashant Kandekar, both of them have 4 decade and 2 decades of experience in the related field.

- Financial Risk Profile: Financial risk profile of the company is marked with moderate networth of Rs.35.06cr resulting in gearing of 0.03x in Fy18. Its Coverage as reflected through DSCR and ISCR are reported at 36.05x and 29.05x respectively

- Company's profitability in Fy18 has shown significant growth in Fy18 as reflected through OPM and NPM of 6.76% and 5.26% v/s (4.26%) and 4.98% in Fy17. Having said that these have remained fluctuating & yet to stabilise.

- Scale of operations: Improved Scale of operations as reflected through TOI of Rs.97.27cr in Fy18 v/s Rs.63.11 in Fy17. As of Feb 2019 it has cloaked Sales of Rs.85.60cr.

- Liquidity over the course of years have remained at moderate levels. It is reported at 1.63x in Fy18 v/s 1.91x in Fy17.

- Diversified Product Portfolio: Company has started to diversify its product portfolio in lifestyle segment, and started venturing in Spare Wheel Bags and First Aid kit part of Automobiles. It expects to generate substantial revenue from these segments.

- Business risk of the company is driven by customer concentration with Pelican Manufacturing Co ltd, being its manufacturing arm, this results in limited economies of scale.

- Being an export oriented unit it is highly exposed to market risk marked by exchange rate fluctuations.

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).

Liquidity Profile: Liquidity profile of the company is marked with current ratio of 1.63x in Fy18. Its cash and its equivalents are reported at Rs.1.21cr in Fy18. Company's current investment are negligible. Company's average CC utilization stood at 54% for the period .

Rating Outlook: Stable

BWR believes the **Pelicans Automotive & Promotional Products 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

Incorporated in 2006, Pelicans Automotive & Promotional Products Private Limited. It is engaged in the manufacturing and export of customised PVC (polyvinyl chloride) and PU (polyurethane) fabricated products. Company is a 100% Export Oriented Unit.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1	**Fund Based** Cash Credit	Long Term	**1.00** 1.00	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable (Not Reviewed)	BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable	Not Rated
2	**Non Fund Based**	Short Term	**29.00** 29.00	BWR A4+	BWR A4+	BWR A4+	Not Rated

	Forward Contract			(Pronounced as BWR A Four Plus)	(Pronounced as BWR A Four Plus) (Not Reviewed)	(Pronounced as BWR A Four Plus)	
	Total		30.00	₹ Thirty crore only			

Status of non-cooperation with previous CRA (if applicable)- Nil
Any other information: Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		**Audited**	**Audited**
Operating Revenue	Rs.cr	97.33	63.11
EBITDA	Rs.cr	6.59	-2.69
PAT	Rs.cr	5.13	3.15
Tangible Net worth	Rs.cr	35.06	29.93
Total Debt/Tangible Net worth	Times	0.03	0.03
Current Ratio	Times	1.63	1.91

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratio

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For print and digital media

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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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