Rating Rationale

Perfect Pins **8th March 2019**

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 9.55 Crores of Perfect Pins.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based Cash Credit Term Loan (OMLS)	 4.00 5.55	**Long Term**	**BWR BB-** (Pronounced as BWR Double B Minus) **(Outlook : Stable)**
Total	**9.55**	**INR Nine Crores and Fifty Five Lakhs Only**	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statement upto FY18 and projected financials upto FY20 and publicly available information and information/clarifications provided by the concern.

The rating derives strength from the proprietor's experience in the industry , increasing top line & bottom line YOY, Moderate Networth, Moderate OPM & NPM However, the rating is constrained by Low debt coverage indicator, High gearing, Low liquidity position & Inherent Risk of withdrawal of capital as the Constitution of the concern is Proprietorship. Going forward, the ability of the Entity to accelerate its scale of operations, increase its profit margins, Compliance of Bank's sanction terms, efficiently manage its working capital and cash flows for timely servicing of interest/debt obligations and strengthening of overall financial risk profile shall be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- Experience of the proprietor is more than five decades in the industry.
- Revenue increased reflected by sales of Rs.29.62 Crs in FY18 VS Rs.20.89Crs in FY17 and PAT of Rs.1.10Crs in FY18 VS Rs.0.81Crs in FY17.
- Moderate Operating profit margin level to 12.85 % in FY18 from 12.11 % in FY17 , Moderate and reduced Net profit margin level to 3.70% in FY18 from 3.89% in FY17

Credit Risks:

- Low & marginally decreased ISCR to 1.65x in FY18 VS 1.73x in FY17, Low & marginally decreased DSCR to 0.80 x FY18 VS FY17 1.05x.
- Low and reduced Liquidity Position with C.R. 1.10 x in FY18 VS 1.79x in FY17.
- High gearing ratio reflected by TD/TNW at 1.96x in FY18 as against 1.86x in FY17.
- Low NET WORTH and Working capital requirement is high since nature of business.
- Inherent Risk of withdrawal of capital as the Constitution of the concern is Proprietorship.

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 :

The firm has Net cash accruals of Rs.1.61 Crs as on March 2018.The cash & cash equivalent stood at Rs.0.47 Crs as on March 2018.The average utilisation of the working capital is High at 98%.The Current ratio stood at 1.10x as on March 2018.

Rating Outlook: *Stable*

BWR believes the **Perfect Pins** 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 Concern

Perfect Pins (PP) was established in 1977 as a proprietorship concern. It is located at Kolhapur,Maharashtra. Mr. Pratap Modi is the proprietor of the concern. He has 50 years experience in the same line of business. The concern is engaged in manufacturing of King Pins used for Heavy Commercial Vehicles. The king Pins are made from chromium based alloy steels offering up to 4,00,000 k.m. or 4 years conditional warranty. It provide Black King Pins as up to A.S.R.T.U. (All India State Road Transport Undertaking) specification specially chosen by replacement market & after sales organizations. The king pins are case carburized & blackodized for surface protection & long lasting life.

Certified by C.I.R.T. (Central Institute of Road Transport).

Concern Financial Performance

Net Sales has increased to ₹29.62 Cr in FY18 from ₹20.89 Cr in FY17. PAT has increased to ₹1.10 Cr in FY18 from ₹0.81 Cr in FY17.The firm reported revenue from 1st april to 31st January 2019 ₹49.00 Crs.

Key Financial Indicators

Key Parameters	**Units**	**2018**	**2017**
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	29.62	20.89
EBITDA	₹ Cr	3.81	2.53
PAT	₹ Cr	1.10	0.81
Tangible Net worth	₹ Cr	11.64	9.69
Total Debt/Tangible Net worth	Times	1.96	1.86
Current Ratio	Times	1.10	1.79

Rating History for the last three years

S.No	**Facility**	**Current Rating**			**Rating History**		
		Tenure	Amount (₹ Crs)	Rating	2018	2017	2016
1	**Fund Based**	Long Term	9.55	**BWR BB-** (Pronounced as BWR Double B Minus) **(Outlook : Stable)**	NA	NA	NA
	Total		**9.55**	**₹ Nine Crores and Fifty Five Lakhs Only**			

Status of non-cooperation with previous CRA : NA

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
Sushil Kumar Chitkara *Associate Director-Ratings* analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media
The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.