

Prakash Metal Products

January 07,2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	26.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	4.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Prakash Metal Products to monitor the rating(s) vide email communications/letters dated October 09, 2024, October 14, 2024, December 16, 2024, December 21, 2024, and December 23, 2024, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The revision in ratings is on account of non-availability of operational and financial information. The rating on Prakash Metal Products bank facilities will now be denoted as **CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

Outlook: Stable

Stable Outlook reflects CARE Ratings expectation that firm's business profile will remain steady on back of consistently new orders being floated by state government departments.

Detailed description of key rating drivers:

At the time of last rating on January 03,2024 the following were the rating strengths and weaknesses

Key weaknesses

Moderate net worth

The tangible net worth of the firm continues to be modest at Rs 29.03 crores as of Mar'23 (Mar'22: Rs. 23.70 Cr) due to lower profits associated with the nature of business. The net worth although witnessed consistent growth over the years, continued to be low at ₹29.03 crore as on March 31, 2023. Going forward, the ability of the firm to sustain the increase in the scale of operations would be key rating monitorable.

Constitution as a partnership concern

PMP, being a partnership firm, is exposed to inherent risk of the partners' capital being withdrawn at time of personal contingency resulting in reduction of capital base leading to adverse effect on capital structure and also the risk of firm being dissolved upon the death of partners. Moreover, partnership firm business has restricted avenues to raise capital which could prove hindrance to its growth.

Working Capital Intensive Operations

The firm operates in a working capital-intensive industry where it receives the payment from its government customer within 2-3 months due to which utilization of working capital also remains high. Although the working capital cycle

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

improved from 40 days in FY22 to 28 days in FY23, the operations of firm are working capital intensive primarily due to its tender based nature of operations.

Tender based nature of operations

The company receives 90% work orders from government Discom departments. All these are tender-based, and the revenues are dependent on the company's ability to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry and the payments are also delayed due to various claims to be filed with authorities and the entire process of filing and reviewing the claims takes considerable time.

Key strengths

Consistent growth in the scale of operations

The revenue from operations of the company has increased consistently over the years. In FY23, there is growth of 17.5% and the revenue stood at around Rs. 163.76 Cr. in FY23 relative to Rs. 139.35 cr. in FY22.

Stable order book position

The revenue visibility of the firm remains good with order book of Rs.137.72 crore from just the government customer segment, out of which orders of Rs. 68.9 Cr has been executed. Net sales in H1FY24 (April -June) was reported by company at a level of Rs. 74.64 Cr. The higher sales momentum is expected to sustain in FY24 due to increase in order size.

Above average financial risk profile

PMP has an above average financial risk profile characterized by increase in revenues and comfortable debt coverage indicators. Overall gearing stands at 0.81x as of March 31, 2023, as against 0.50x as of March 31, 2022. Given the comfortable capital structure, it gives the firm additional scope for raising funds to enable further expansion or diversification.

Liquidity: Adequate

The firm generated Gross Cash Accruals (GCA) of Rs. 6.78 crore in FY23 and is expected to improve further owing to growing order size and scale of operations. Further, the term loan repayment has commenced from November 2023. Working capital cycle has witnessed improvement which stood below 30 days at 28 days. The working capital utilisation of the company for the 12-month period ended September'23 was approximately 91%.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

PMP is a partnership firm, established in 1984 by Mr Shankrappa Y Golapanawar and is currently managed by Mr Prakash S Golapanawar and Mr Ashok S Golapanawar. The firm is based out in Hubli, Karnataka and is engaged in manufacture of LT/HT Panel Box, hardware and line materials, ASCR (Aluminium Conductor Steel Reinforced) conductors and transformers. The firm also does the distribution of transformers and ASCR conductors. The intensive experience of the partners of nearly 4 decades has enabled the firm to establish healthy relationships with clients and also to gain strong understanding of industry dynamics.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024(A)
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Total operating income	163.95	NA
PBILDT	10.61	NA
PAT	5.38	NA
Overall gearing (times)	0.81	NA
Interest coverage (times)	4.78	NA

A: Audited UA: Unaudited NA:Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	17.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2026	9.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	4.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	9.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (03-Jan-24)	1)CARE BB+; Stable (17-Nov-22)	-
2	Fund-based - LT-Cash Credit	LT	17.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (03-Jan-24)	1)CARE BB+; Stable (17-Nov-22)	-
3	Non-fund-based - ST-Bank Guarantee	ST	4.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (03-Jan-24)	1)CARE A4+ (17-Nov-22)	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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