

Perfect Metacraft LLP

| Instrument | Amount (Rs. in crore) | Rating Action |
|--------------------|-----------------------|--------------------|
| Cash Credit | Rs. 5.00 | [ICRA]B; Assigned |
| Term Loan | Rs. 15.35 | [ICRA]B; Assigned |
| Letter of Credit * | (Rs. 8.25) | [ICRA]A4; Assigned |

* Sub limit of term loan

ICRA has assigned the long term rating of [ICRA]B (pronounced ICRA B) to the Rs. 5.00 crore¹ cash credit facility and Rs. 15.35 crore term loan facility of Perfect Metacraft LLP (PML)². ICRA has also assigned the short term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs. 8.25 crore non-fund based letter of credit/buyers credit facility of PML.

The assigned rating is constrained by stabilization of operations on account of nascent stage of the project at present as commencement of the project is scheduled in July 2017. ICRA also notes that the stretch financial profile given the debt funded nature of project capex and high debt repayments scheduled from October 2017.

The ratings, however, positively consider the experience of PML's partners in manufacturing faucets, faucet handles and door locks, location advantage on account of easy availability of raw material from the nearby vicinity of Jamnagar. ICRA positively take in to account group concerns involvement in manufacturing of sanitary ware products and door locks is likely to provide operational and marketing support.

Given the constitution of the firm being a partnership concern, any substantial withdrawal by the partners may exert pressure on the net worth and consequently on capital structure of the firm. ICRA also factors in the vulnerability of profitability to availability and fluctuating raw material prices being metal in nature. Going forward, timely commencement of the project and subsequently generating sufficient cash accruals to meet the interest and principal repayment obligations in the near term while improving the capital structure will remain the key rating sensitivities.

Entity Profile

Established in August 2013, Perfect Metacraft LLP (PML) is setting up a green field project to manufacture sanitary ware and door hardware products. . Presently, the manufacturing facility is undergoing land levelling process and the expected month of commencement of commercial operation is July 2017. The firm has a proposed installed capacity of 43,00,000 units of products per annum. The firm is promoted by the Shah family who is also engaged in manufacturing of bicycle tube valves, faucets, faucet handles and door locks business which pertains to the same line of business as the proposed project. Partners are associated with Perfect Industries, Perfect Auto Industries, A.K. Industries and Perfect Metacraft.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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