

Patron Industries Pvt. Ltd.

Instrument	Amount (Rs. Crore)	Rating Action July 2016
Long-term/Short-term : Fund-based limits	12.00	[ICRA]B+ / [ICRA]A4 reaffirmed
Long-term/Short-term : Unallocated	0.50	[ICRA]B+ / [ICRA]A4 reaffirmed
Short-term : Non-fund-based limits	7.50	[ICRA]A4 reaffirmed

ICRA has reaffirmed the long-term rating of [ICRA]B+ (pronounced ICRA B plus) and the short-term rating of [ICRA]A4 (pronounced ICRA A four) for the long-term and short-term fund based, non-fund based and unallocated bank facilities of Patron Industries Pvt. Ltd.(PIPL)¹ aggregating to Rs. 20.00 crore².

The reaffirmation of the ratings takes into account the established track record of the company in the trading of PVC resin, its established customer base, the diverse revenue streams of the company and the improvement in operating margins over the previous fiscal.

The ratings however, continue to remain constrained by the weak financial profile of the company as characterized by the low profitability, highly leveraged capital structure and weak debt coverage indicators. The ratings are also constrained by the high working capital intensity of operations as a result of higher debtor days and the stretched liquidity profile of the company. The ratings continue to remain constrained by the low capacity utilisation in the copper wire manufacturing business and vulnerability of the company's profitability to any adverse fluctuations in the prices of raw materials/traded goods and foreign exchange rates.

Company Profile

Patron Industries Private Limited (PIPL) was founded by Mr. Pradeep Rohra in the year 1991 in Mumbai as a consignment agent of DCW Ltd. for PVC resin. In 2005-06, the promoter also set up a company viz. MEPCAB FZCO in Dubai (MEPCAB) to trade in cables in the Middle East market. Subsequently, MEPCAB FZCO set up its own cable manufacturing facility at the Jebel Ali Free Zone in Dubai in 2008. PIPL also set up its own copper wire drawing facility of capacity of 1725 metric tonnes per annum (MTPA) in Silvassa in 2008 to act as a feeder factory for MEPCAB's unit in Dubai. At present, PIPL has two distinct lines of business: i) Trading/distribution of PVC resin from DCW Ltd, and ii) manufacture and export of copper wire for exclusive supply to its own group concern viz. MEPCAB in Dubai.

July 2016

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¹ For complete rating definition, please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

² 100 lakh = 1 crore = 10 million

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