

March 25, 2020

Purva Metal Sections Pvt Ltd: Continues to remain in Non-Cooperating category, Rating downgraded based on best available information

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based/ CC	28.00	28.00	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB- (Stable) and continues to remain under 'Issuer Not Cooperating' category
Total	28.00	28.00	

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

[^]Instrument details are provided in Annexure-1

Rationale

The rating is downgraded because of lack of adequate information regarding Purva Metal Sections Pvt Ltd performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Purva Metal Sections Pvt Ltd, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

The previous detailed rating rationale is available on the following link: [Click here](#)

About the company

Incorporated in 2000, PMSPL is engaged in manufacturing high frequency induction welded steel pipes i.e., ERW pipes and tubes. It has a capacity to manufacture 175,000 MTPA of ERW pipes and tubes, recently enhanced in April 2018 from 100,000 MTPA. Though the company was incorporated in 2000, the commercial production was commenced recently in FY2014. Its manufacturing facility is in Malur near Bangalore, Karnataka. The company was promoted by Mr. Shiv Kumar Purva, the Chairman and Managing Director, who is also the promoter of SFPL, which is engaged in trading of a host of iron and steel products namely HRC, CRC, and other structural steel products like angles, channels, beams, t-angles, TMT bars etc.

Key Financial Indicator:

	FY2018 (Audited)	FY2019 (Audited)
Operating Income (Rs. crore)	141.3	185.6
PAT (Rs. crore)	3.4	5.3
OPBDITA/OI (%)	7.9%	1.0%
RoCE (%)	11.5%	16.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	1.0
Total Debt/OPBDITA (times)		
Interest Coverage (times)	3.0	0.4
DSCR	2.7	2.9

Source: MCA Site

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

S. No.	Instrument	Current Rating (FY2020)				Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs.crore)	Amount Outstanding (Rs.crore)	Date & Rating		Date & Rating in FY2019	Date & Rating in FY2018	Date & Rating in FY2017
					25-Mar-20	15-Jan-20			
1	Cash Credit	Long Term	28.00	-	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable); ; ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	-	-

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

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1 Instrument Details

ISIN No	Instrument	Type	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	Long-term	-	-	-	28.00	ICRA]BB+ (Stable); ISSUER NOT COOPERATING

Source: Purva Metal Sections Pvt Ltd

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About ICRA Limited:

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