Press Release

Poshs Metal Industries Private Limited (PMIPL)
April 03, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	33.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	100.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Total	**133.00 (Rupees One Hundred and Thirty-Three crore Only)**				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of PMIPL as it derives comfort from the improvement in operating performance, strong relationships with customers and suppliers, strategic location advantage, and experienced promoters with an established track record. However, these rating strengths are partially offset by a moderate capital structure, debt coverage metrics, project execution risk and the highly fragmented and cyclical nature of the industry.

Infomerics has taken a combined view on the financials of Poshs Metal Industries Private Limited and its subsidiary Poshs Metal Aurangabad LLP, commonly referred as a Posh group as these companies have a common management, involved in same line of business and having strong operational & financial linkages between them.

Further, the outlook is maintained at stable as Infomerics believes that the Posh group will continue to derive benefits from experienced promoters and established track record in the industry.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Improvement in the capital structure with improvement in TOL/ATNW.

Downward Factors

- Substantial delay in ongoing project and/or any additional debt led capex plans and/or any decline in revenue and profitability leading to deterioration in liquidity and credit profile of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Improvement in operating performance**

  Posh Group's TOI increased by 14% y-o-y basis to Rs. 925.96 crore in FY24 (period refers to 01st April 2023 to 31st March 2024) as compared Rs. 809.13 crore in FY23, driven by higher order execution and higher realization. This growth led to an expansion in the EBITDA margin, which improved to 5.53% in FY24 from 3.96% in FY23, benefiting from operating leverage. As of 9MFY25, the company has recorded a TOI of Rs. 595.72 crore and an EBITDA of Rs. 40.25 crore. Infomerics expects the commencement of operations at the new plant, which is expected to start its operations from November 2025, to further enhance the company's scale and profitability.

- **Agreement with reputed supplier and locational advantage:**

  The Posh Group has vendor supply agreement with Tata Steel Limited (TSL) under which TSL will supply raw material to the Posh Group companies which will process and supply to OEM of TSL. This agreement enables regular and uninterrupted supply of raw material to the Posh Group. PMIPL has a locational advantage as its plant is near to OEM.

- **Location advantage**

The under-construction manufacturing unit is strategically located in Aurangabad, benefiting from excellent connectivity to major cities and transportation networks, ensuring the seamless movement of raw materials and finished products. The region is home to key industrial hubs, including Chikhalthana MIDC, Shendra MIDC, and Waluj MIDC, and also enjoys proximal access to the Nasik industrial belt and the Pithampur industrial areas. Additionally, the site is well-connected to key transport infrastructure, with Daulatabad Railway Station (18.4 km), NH 752 I just 3.5 km away, and Aurangabad Airport at a distance of 35 km.

- **Experienced management**

  Mr. Asheer Kapoor, aged 46, has 22 years of extensive experience in successfully managing and expanding the business. The Group has successfully expanded its operations with three manufacturing units in Taloja (near Mumbai), Shikhrapur (near Pune), and Shirwal (near Pune). It has also completed three major expansion programs, designing and fabricating high-standard international machinery in-house. He has established strong relationships with leading steel mills and top automotive OEMs, including Bajaj Auto, PIAGGIO, TATA Motors, and General Motors.

Key Rating Weaknesses

- **Moderate Capital Structure and debt coverage metrics**

  The Capital structure of the group remained moderated with an adjusted overall gearing ratio of 2.63x and an adjusted TOL/TNW ratio of 3.72x as of March 31, 2024 (P.Y. 3.29x & 3.73x). The leverage is high prominently due to purchase bill discounting of Rs. 44.11 crore and sales Bill discounting of Rs. 147.65 crore as on March 31, 2024. The Adjusted Tangible Net worth has increased to Rs. 81.08 crore in FY24 (FY23: Rs.69.39 crore). The debt coverage metrics remained moderated reflected by interest coverage ratio and adjusted total debt/EBITDA at 1.76x and 4.16x, respectively, at the end of FY24 (FY23: 1.36x and 7.14x). IVR expects debt protection metrics are expected to be remain moderate through FY25-FY27 with absence of any additional debt led capex and expected stable EBITDA margin.

- **Project execution risk**

  PMAL is currently constructing a steel processing plant with a slitting capacity of 3,88,835 MT and a cut-to-length capacity of 3,86,666 MT, scheduled for completion by November 2025. The total project cost is estimated at Rs. 166.32 crore, to be funded through a term loan of Rs. 120 crore and promoter contributions of Rs. 46.32 crore. As of February 28, 2025, the company has already incurred Rs. 32.85 crore (~20% of the total cost).

  The company remains exposed to execution risks, as any delays in project completion could lead to cost overruns, impacting the overall viability, future revenues, and cash accruals of the project. Completion of the capital expenditure as per SCOD, without significant cost overruns or delays, will be a key monitorable.

- **Highly fragmented and cyclic nature of industry.**

  The steel processing industry is highly competitive, with service centers facing challenges in maintaining profit margins due to aggressive pricing strategies from competitors. Additionally, the demand for the company's products is heavily dependent on the automobile sector, making it vulnerable to industry-specific downturns. Any slowdown in automobile projects or fluctuations in demand within this segment could directly impact on the company's revenue and operational performance.

Analytical Approach: Combined

For arriving at the ratings, INFOMERICS has combined the financials of Poshs Metal Industries Private Limited and Poshs Metal Aurangabad LLP and commonly referred as Posh group as these companies have a common management, involved in same line of business and having strong operational & financial linkages between themselves.

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

[Rating criteria for consolidation of companies]
[Policy on Default Recognition and post default curing period]
[Complexity Level of Rated Instruments/Facilities]

Liquidity – Adequate

The liquidity of Posh group remains adequate with gross cash accruals of Rs. 18.97 crore in FY24. The expected gross cash accruals for FY25-FY27 will remain in the range of at Rs. 17.50 crore - Rs. 48.93 crore, which would comfortably cover its debt repayments in the range of Rs. 11.18 crore - Rs. 6.50 crore for FY25 - FY27. The current ratio stood at 1.24x as on March 31, 2024. The company has modest cash & bank balance of Rs. 24.22 crore as on December 31, 2024. The average cash credit utilisation for last twelve months ended in February 2025 remained low at 73.62%., indicating sufficient liquidity buffer.

About the Company

Poshs Metal Industries Pvt. Ltd., established in 1998, is a specialized steel processing company catering to the automotive and white goods industries. The company focuses on processing auto-grade steel, including CRCA DD, EDD, IF, and DP (up to 650 MPa). POSHS offers a range of value-added services such as slitting, cut-to-length, trapezoidal cutting, and die blanking.

About the Group

Poshs Group comprises Poshs Metal Industries Pvt. Ltd. and Posh Metal Aurangabad LLP, which are involved in steel processing activities. The group is setting up a new steel service centre with a warehousing facility in Aurangabad, Maharashtra.

Financials (Combined):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Unaudited	Unaudited
Total Operating Income	809.13	925.96
EBITDA	32.09	51.23
PAT	7.97	11.81
Total Debt	221.94	200.74
Adjusted Tangible Net Worth	69.47	81.15
EBITDA Margin (%)	3.97	5.53
PAT Margin (%)	0.98	1.27
Overall Gearing Ratio (x)	3.29	2.62
Interest Coverage (x)	1.37	1.76

* Classification as per Infomerics Standard

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	33.00	IVR BBB- / Stable	-	-	-
2.	Long Term Fund Based Bank Facilities – Letter of Credit	Short Term	100.00*	IVR A3	-	-	-

** Bill discounting sub-limit of Rs. 100 crore.*

Analytical contacts

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About Infomerics:

Infomerics Valuation and Rating Ltd (Formerly Infomerics Valuation and Rating Pvt. Ltd.) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	33.00	IVR BBB-/ Stable
Letter of Credit	-	-	-	-	100.00*	IVA A3

** Bill discounting sub-limit of Rs. 100 crore.*

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-pmipl-apr25.pdf
Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of the company/Entity	Extent of consolidation (%)
Poshs Metal Industries Private Limited	100
Poshs Metal Aurangabad LLP	100

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.