Press Release

Paralam Global Private Limited

May 26, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	47.31 (Enhanced from Rs.43.39 crore)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	2.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	**49.31 (Rupees Forty-nine crore and thirty-one lakhs only)**				

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

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Paralam Global Private Limited (PGPL) continues to derive comfort from its experienced promoter & management team coupled with benefits emanating from proximity to its raw material sources. The ratings also positively note the stable business performance of the company in FY2024 [FY refers to the period from April 1 to March 31] and in FY2025 (Prov.). However, these rating strengths remain constrained by moderate capital structure and average debt coverage indicators of the company, susceptibility of profitability to raw material price fluctuation risk, exposure to intense competition and large working capital requirement.

The outlook is expected to remain stable given the experience of the promoters in the laminate industry coupled with stable business performance which is expected to continue going forward.

Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations with improvement in profitability on a sustained basis and consequent improvement in gross cash accruals
- Improvement in the capital structure with improvement in the overall gearing ratio to below 1x
- Improvement in in operating cycle leading to improvement in liquidity position of the company

Downward Factors:

- Moderation in scale of operations and/or moderation in profitability impacting the debt protection metrics on a sustained basis
- Any unplanned debt funded capex leading to moderation in the capital structure with moderation in the overall gearing to over 2x
- Elongation in operating cycle impacting the liquidity position of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and management team**

PGPL was incorporated in 1988 by Mr. Sanjiv Agrawal who is a chemical engineer by qualification and has experience of over two decades in the manufacturing and marketing of plain and pre-laminated particle board. He is at the helm of the affairs of the company and is actively involved in managing the day-to-day operations of the company. The promoters are supported by a team of experienced and qualified professionals in managing the affairs of the company.

- **Proximity to raw material sources**

Key raw materials for manufacturing laminate are base paper, kraft paper, phenol, formaldehyde, melamine, methanol, and other allied chemicals which are locally available whereas premium quality papers are imported. PGPL has established relationships with various nearby sawmills in the vicinity to reduce dependence on overseas suppliers and reduce the transportation cost. The proximity to raw material sources imparts advantage to PGPL in terms of cost of raw materials and lower logistics expenditure.

- **Stable business performance in FY2024 and in FY2025 (Prov.)**

Total operating income (TOI) decreased marginally from Rs.101.53 crore in FY23 to Rs.100.46 crore in FY24 due to decrease in sales realisation of laminated boards, though the same was compensated to an extent by increase in volume sales. However, TOI increased to Rs.111.92 crore in FY25 (Prov.) on the back of increase in demand resulting in increase in both sales volume as well as average sales realisation. EBITDA margin increased from 9.52% in FY23 to 10.06% in FY24 and subsequently to 13.42% in FY24 majorly due to commencement of operations of solar power plant from March 2024 onwards resulting in savings in power and fuel cost. Further, improvement in production and sales realisations added to the improvement in operating margin during the last two fiscal years. Despite the increase in EBITDA, PAT decreased from Rs.5.98 crore in FY23 to Rs.2.92 crore in FY24 due to deferred tax adjustments. Nevertheless, PAT improved to Rs.5.89 crore in FY25 (Prov.), though lower than FY23 levels due to high depreciation provision and finance cost owing to increase in debt availed for setting up the 5.5 MW solar power plant. Further, GCA increased from Rs.6.65 crore in FY24 to Rs.10.43 crore in FY25 (Prov.). The company's ability to scale up its operations with increase in overall profitability will be a key rating monitorable going forward.

Key Rating Weaknesses

- **Moderate capital structure and average debt coverage indicators**

The debt profile of the company consists of term loans from banks, unsecured loans (unsubordinated) and working capital borrowings. The long-term debt equity ratio and overall gearing ratio moderated from 0.90x and 1.51x respectively as on March 31, 2023, to 1.65x and 2.24x respectively as on March 31, 2024, due to availment of term loan for the solar power plant. The overall gearing though improved to 1.72x as on March 31, 2025, as per Provisional financials on account of subsequent repayment of loan and accretion of profits to reserves, yet remained high due to moderate net worth base. The net worth of the company stood moderate at Rs.38.04 crore as on March 31, 2025 (Prov.). With increase in interest cost, ICR though moderated from 3.30x in FY23 to 3.03x in FY24 and subsequently to 2.94x in FY25 (Prov.) yet remained comfortable. With improvement in EBITDA and overall cash accruals, total debt/EBITDA and total debt/GCA improved from 5.59x and 8.50x respectively as on March 31, 2024, to 3.55x and 5.12x respectively as on March 31, 2025 (Prov.).

- **Susceptibility of profitability to raw material price fluctuation risk and exposure to intense competition**

The prices of many key raw materials such as base paper, melamine, phenol, etc. are volatile. Given the competitive market, the ability to pass on price increases is limited. Further, the company faces intense competition from large organised and small unorganised players in the decorative laminates market. Intense competition limits the pricing power of the company, thereby resulting in low profitability.

- **Large working capital requirement**

The working capital cycle of the company continued to remain high and stood at 113 days in FY25 [Prov.] (108 days in FY23 and FY24) majorly due to high inventory period since the company has to keep 3-4 months of inventory in hand as a regular business practice due to the large number of product variants and the associated raw material stocking. Further, PGPL gives a credit of 60-90 days to its customers. PGPL enjoys a credit period of 45-60 days from its creditors. The average of maximum monthly utilisation of working capital limits remained high at ~97% during the last twelve months ended March 2025.

Analytical Approach: Standalone

Applicable Criteria:

- Rating Methodology for Manufacturing Companies.
- Financial Ratios & Interpretation (Non-Financial Sector).
- Criteria for assigning Rating outlook.
- Policy on Default Recognition
- Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

The liquidity profile of the company is adequate marked by its expected sufficient cash accruals vis-à-vis its debt repayment obligation of Rs.5.89 crore in FY2026, Rs.4.49 crore in FY2027 and Rs.4.67 crore in FY2028. The company earned a GCA of Rs.10.43 crore in FY25 (Prov.). Further, the current ratio stood comfortable at 1.53x as on March 31, 2025 (Prov.). However, the average of maximum utilisation of working capital borrowings stood high at ~97% during the last twelve months ended March 2025 indicating moderate buffer in its working capital limits. Nevertheless, the liquidity is supported by need based funding support from the promoters in the form of unsecured loans as and when required.

About the company

Incorporated in 1988 by Mr. Sanjiv Agrawal, Paralam Global Private Limited (PGPL) is engaged in manufacturing of plain and pre-laminated particle board, at its plant located at Arvi, Maharashtra. It has a capacity to manufacture 3000 boards per day & the board densities range from 700 Kgs to 880 Kgs per cubic meter. The products are used for doors, windows, cabinets, tables and chairs, and interior decorations. The board is made by using wood particles which are blended with adhesive and hot pressed into sheet form. The plant capacity is 280 CBM (recently increased from 165 CBM).

The company has set up a 5.5 MW Solar Power Plant at their existing plant location, i.e. Wardha, Nagpur which started operations from March 2024 onwards.

Financials: Standalone

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	100.46	111.92
EBITDA	10.11	15.02
PAT	2.92	5.89
Total Debt	56.50	53.38
Adjusted Tangible Net Worth	25.21	31.10
EBITDA Margin (%)	10.06	13.42
PAT Margin (%)	2.86	5.23
Overall Gearing Ratio (x)	2.24	1.72
Interest Coverage (x)	3.03	2.94

* *Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (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
					May 07, 2024	-	March 10, 2023
1	Term Loan	Long Term	31.31 * (Reduced from Rs.32.39 crore)	IVR BBB-/Stable	IVR BBB-/Stable	-	IVR BBB-/Stable
2	Cash Credit	Long Term	16.00 (Enhanced from Rs.11.00 crore)	IVR BBB-/Stable	IVR BBB-/Stable	-	IVR BBB-/Stable
3	Letter of Credit/Bank Guarantee	Short Term	2.00	IVR A3	IVR A3	-	IVR A3

**Outstanding as on March 31, 2025*

Analytical Contacts:

Name: Harshita Gupta Tel: (033)- 46022266 Email: hdidwania@infomerics.com	Name: Avik Podder Tel: (033) 46022266 Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [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: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	March 2032	31.31 * (Reduced from Rs.32.39 crore)	IVR BBB-/Stable
Cash Credit	-	-	-	16.00 (Enhanced from Rs.11.00 crore)	IVR BBB-/Stable
Letter of Credit/Bank Guarantee	-	-	-	2.00	IVR A3

**Outstanding as on March 31, 2025*

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-paralam-may25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.