

Primuss Pipes & Tubes Limited
May 13, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term / Short Term Bank Facilities	15.00	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	15.00 (Rs. Fifteen Crore Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated February 24, 2020, placed the rating(s) of Primuss Pipes & Tubes Limited (PPTL) under the 'issuer non-cooperating' category as PPTL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. PPTL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 20, 2021, April 22, 2021, April 26, 2021 and April 27, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on February 24, 2020 the following were the rating strengths and weaknesses.

Key Rating Weaknesses**Poor liquidity position**

As per the Q3FY20 published results on February 21, 2020, two applications are filed against the company before the Honorable National Company Law Tribunal, Allahabad bench. One under section 9 of the Insolvency and Bankruptcy Code 2016 by an operational creditor and the other under section 7 by the Financial Creditor (the bank), both the matters are pending before the Honorable Tribunal.

The plant of the company closed since May 2019 for major maintenance and up gradation and could not be resumed on account of severe working capital shortage. The closing stocks of raw material and finished goods have also been written down to estimated realizable value and difference is charged as consumption/changes in inventory for the quarter resulting into substantial operational losses and hence, the production and sales during this quarter is lower in comparison to the same quarter in the previous financial year. The manufacturing facilities will take some more time to be operational. Also, there are sizable differences in cash in hand and the turnover reported as per GSTR (1) and GSTR (3b) which are under reconciliation. On account of severe working capital shortage, statutory liabilities of substantial amounts towards GST, TDS, EPF and ESI are also outstanding beyond due dates. Owing to dead lock in the operations, substantial amounts have been stuck in receivables and loans and advances. The company is making efforts for the recovery and provision for the Bad Debts shall be made at the end of the FY 2019-20. Interest on Unsecured Loans also shall be provided at the end of FY 2019-20.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology – Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis for Non-Financial Sector Entities](#)

About the Company

Kanpur (Uttar Pradesh) based, Premier Pipes Limited (PPL) was incorporated in 1975 as Quality Steel Tubes Private Limited (QST Ltd.). However, subsequently, in 2009, QST Ltd was acquired by Premier Group. With the acquisition and refurbishment of all plant and machineries, the company re-commenced its commercial operations from 2011. In 2010, the company has changed its name from QST Ltd. to PPL. Subsequently in FY19, it has changed its name from PPL to PPTL.

PPTL is engaged in manufacturing of steel tubes, pipes and tubular poles, scaffolding, solar module mounting in mild steel as well as galvanized variants and greenhouse structure. The manufacturing facility of the company is situated in an area of more than 15 acres at Bindki Road at Fatehpur, Uttar Pradesh with a capacity of 60000 Metric Tonnes Per Annum (MTPM).

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	140.57	143.04
PBILDT	4.02	4.51
PAT	1.02	0.98
Overall gearing (times)	1.92	1.98
Interest coverage (times)	1.93	1.85

*(A; Audited)

Status of non-cooperation with previous CRA: CRSIL reviewed and has put rating assigned to the bank facilities of PPTL in to 'Non-Cooperation' vide press release dated February 25, 2020 on the basis of best available information.

Any other information: None

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT/ ST-Cash Credit	-	-	-	15.00	CARE D / CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT/ ST-Cash Credit	LT/ST	15.00	CARE D / CARE D; ISSUER NOT COOPERATING*	-	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (24-Feb-20) 2)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING* (22-Aug-19)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (01-Feb-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-N/A
Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT/ ST-Cash Credit	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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