

**P P Rolling Mills Manufacturing Company Private Limited**  
**January 14, 2021**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	40.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B ; Outlook: Stable/ A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB+; Stable / CARE A4+; (Double B Plus ; Outlook: Stable / A Four Plus)
Short Term Bank Facilities	10.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE A4+; (A Four Plus)
<b>Total Bank Facilities</b>	<b>50.00</b> <b>(Rs. Fifty Crore Only)</b>		

*Details of instruments/facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated February 03, 2020, placed the rating(s) of P P Rolling Mills Manufacturing Company Private Limited (PPRM) under the 'issuer non-cooperating' category as PPRM had failed to provide information for monitoring of the rating. PPRM continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated January 07, 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).***

The ratings have been revised on account of non-receipt of requisite information and hence CARE is not able to conduct appropriate analysis.

**Detailed description of the key rating drivers**

*At the time of last rating on February 03, 2020 the following were the rating strengths and weaknesses:*

**Key Rating Weaknesses**

**Working capital intensive nature of operations with modest liquidity profile:** The operating cycle of the company stood at 50 days in FY19 (refers to period: April 01 to March 31) (PY: 50 days). PPRM maintained high inventory days of 105 days during FY19 (PY: 101 days) as the company offers customized products to the customers. Average creditor days stood high at 90 days in FY19 (PY: 88 days).

**Exposure to foreign exchange fluctuation risk and fluctuation in raw material prices:** PPRM procures its raw materials domestically whereas a significant portion of the company's revenue is realized in foreign currency exposing it to fluctuation in exchange rates. Also, the prices of raw material of the company are volatile which exposes the profitability margins to the fluctuations in raw material prices.

**Cyclical nature of steel industry:** The steel industry is cyclical with prices driven by demand and supply conditions in the market coupled with strong linkage to the global market. The suppliers of capital goods to steel industry are directly exposed to volatility in the steel industry.

**Key Rating Strengths**

**Experienced promoters with long track record of operations:** The promoter family which controls PPRM has an experience of more than 6 decades in the manufacturing of engineered goods. The company is currently managed by Mr Pankaj Khanna and Mr. Praneet Khanna, each having an experience of more than 15 years. The company is expected to continue benefiting from the vast experience of the promoters which has also helped in establishing relations with the customers resulting in repetitive sales from them.

**Improving total operating income with low profitability:** During FY19, PPRM's total operating income increased by 29%. PBILDT margin deteriorated to 6.76% in FY19 (PY: 9.80%). PAT remained low at Rs 2.34 crore in FY19 (PY: Rs 0.55 crore).

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

**Moderate financial risk profile:** The overall gearing improved and stood at 1.21x as on March 31, 2019 (PY: 1.30x). The debt servicing indicators marked by total debt to GCA and interest coverage ratio also improved to 3.14x and 3.62x respectively during FY18 (PY: 3.55x and 2.84x respectively)

**Liquidity** – Latest information not available

**Analytical approach:** Standalone

**Applicable Criteria**

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

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Criteria for Short Term Instruments](#)

[CARE's Rating Methodology- Manufacturing Companies](#)

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

[CARE's Liquidity Analysis of Non-financial sector entities](#)

### About the Company

PPRM was established in 1985 by Mr Prem Khanna and his son Mr Pankaj Khanna as a partnership firm in the name of P.P. Engineering Works, for manufacturing and erection of steel rolling mills. In 1998, the firm was converted into a private limited company and named as P. P. Rolling Mills Manufacturing Co. Pvt. Ltd. PPRM is engaged in undertaking manufacturing of equipment for rolling and wire rod mills and erection and commissioning of the same with its manufacturing facilities located at Faridabad.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	142.06	183.04
PBILDT	9.66	12.37
PAT	0.55	2.34
Overall gearing (times)	1.30	1.21
Interest coverage (times)	2.84	3.62

A: Audited

**Status of non-cooperation with previous CRA:**

**Any other information:** Not Applicable

**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 - ST-EPC/PSC	-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC	-	-	-	40.00	CARE BB; Stable / CARE A4; 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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (05-Apr-18)	-
2.	Fund-based - ST-EPC/PSC	ST	10.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+; ISSUER NOT COOPERATING* (03-Feb-20) 2)CARE A4+ (03-Apr-19)	1)CARE A4+ (05-Apr-18)	-
3.	Non-fund-based - LT/ ST-BG/LC	LT/ST	40.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (03-Feb-20) 2)CARE BB+; Stable / CARE A4+ (03-Apr-19)	1)CARE BB+; Stable / CARE A4+ (05-Apr-18)	-

\*Issuer did not cooperate; Based on best available information

## Annexure-3: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

## Annexure 4: Complexity level of various instruments rated for this company - Not applicable

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - ST-EPC/PSC	Simple
2.	Non-fund-based - LT/ ST-BG/LC	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Contact us****Media Contact**

Mradul Mishra

Contact no. – +91-22-6754 3573

Email ID – [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)**Analyst Contact**

Ajay Dhaka

Group Head Contact no.- 011- 45333 218 ;+ 91 - 8826868795 ;

Group Head Email ID- [ajay.dhaka@careratings.com](mailto:ajay.dhaka@careratings.com)**Relationship Contact**

Name: Ms. Swati Agarwal

Contact no. : +91-11-45333200

Email ID : [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)**About CARE Ratings:**

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