

## P. R. Rolling Mills Private Limited

February 04, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	61.71 (Enhanced from 36.71)	CARE BBB; Stable	Reaffirmed
Short Term Bank Facilities	5.00 (Reduced from 20.00)	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of P. R. Rolling Mills Private Limited (PRMPL) continue to derive strength from the experienced promoters, diversified product profile and established relations with reputed customers. The ratings further continue to derive strength from comfortable capital structure, moderate debt coverage indicators and adequate liquidity position. The ratings however continue to be constrained by moderate scale of operations, profitability susceptible to fluctuations in raw material prices and foreign exchange rates and moderate working capital cycle.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in total debt to gross cash accruals (TD/GCA) below 3.50 times on a sustained basis.
- Improvement in debt coverage indicators with profit before interest, lease rentals, depreciation and tax (PBILDT) interest coverage of around 3 times on a sustained basis while maintaining its comfortable capital structure.

#### Negative factors

- Deterioration in overall gearing beyond 1x on a sustained basis.
- Significant deterioration in its liquidity position with decline in free liquidity available with the company.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the company shall sustain its financial risk profile over the medium term.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters

The promoters of PRMPL, Rajeev Maheshwari and Praveen Maheshwari have more than two decades of experience in the steel industry. Their experience and strong understanding of market dynamics has enabled PRMPL to maintain healthy relations with customers and suppliers and entail repeat orders from them. The promoters are supported by a qualified team of professionals with significant experience in their respective fields.

##### Diversified product profile

PRMPL is engaged in the manufacturing of customized products, offering more than 50 profiles/sections which mainly find application in commercial vehicles, two-wheelers and off-road vehicles. Furthermore, the company has also initiated the manufacturing of various other products such as track shoes, cross rails, bridge profiles, scaffolding profiles, and more, catering to the construction industry.

Additionally, PRMPL operates two resorts, one in Rajasthan and another in Nagpur, however revenue from this segment constitutes less than 2% of the total operating income (TOI). The company also generates steady rental income from a warehouse facility, with ~92% of the space leased, which accounts for less than 2% of TOI.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Association with reputed clientele; albeit customer concentration risk

With over two decades of operations in the industry, the promoters of PRMPL have developed long-standing and established relationships with its clientele, enabling PRMPL to receive repeat orders. The ability to offer unique and cost-efficient products to its customers has resulted in healthy business relations with reputed customers. The customer base is concentrated with the top 5 clients contributing to more than 65% of TOI. The counterparty risk is partially mitigated by the company's association with reputed clientele.

### Comfortable capital structure and moderate debt coverage indicators

The debt profile of the company mainly comprises of working capital borrowings, term loans and LC backed creditors. In FY24 (refers to April 01 to March 31), PRMPL availed term loans for construction of a new resort in Nagpur and setting up of a solar plant. Nevertheless, the capital structure continued to remain comfortable with overall gearing of 0.86x as on March 31, 2024 (PY: 0.75x). In the absence of debt-funded capex, the capital structure is expected to remain comfortable in the medium term. Further, the debt coverage indicators continued to remain moderate with TD/GCA and interest coverage of 7.59x and 2.46x respectively in FY24 (PY: 6.12x and 2.92x respectively).

### Key weaknesses

#### Moderate scale of operations

In FY24, PRMPL's TOI increased by ~13% to ₹241.70 crore (PY: ₹214.43 crore) driven by higher demand from the commercial vehicle segment. However, during 9MFY25 (refers to April 01 to December 31), TOI declined to ~₹180 crore (9MFY23: ₹191.84 crore) due to weaker demand from end-user industries. The scale of operations is expected to remain moderate in the medium term.

#### Fluctuating profitability with volatility in raw material prices and forex rates

The PBILDT margin has reflected a fluctuating trend in the range of 2-8% over FY20-FY24 due to volatility in the raw material prices. In FY24, the PBILDT margin remained stable at 5.65% in FY24 (PY: 5.71%).

PRMPL is exposed to the inherent risk of price fluctuations in its major raw material (billets) which accounts for ~75- 80% of raw material purchases. PRMPL does not have any long-term contracts with its suppliers and procurements are done at prevailing market prices thereby exposing it to volatility in raw material prices. However, over the years of its operations, PRMPL has established healthy relationships with its suppliers. Also, PRMPL is exposed to fluctuations in forex rates as the company derives ~5-10% of its revenue from export market. Any sharp fluctuation in foreign currency rates may have an impact on the profitability of the company.

Further, the profit after tax (PAT) margin improved to 1.81% in FY24 (PY: 1.70%) owing to higher interest earned on fixed deposits. The profitability margins are expected to remain at similar levels going forward.

#### Moderate working capital cycle

The operations remain working capital intensive mainly on account of funds being blocked in debtors and inventory. PRMPL's operating cycle remained moderate at 34 days in FY24 (PY: 48 days). Most of the working capital is blocked in raw material and finished goods inventory as PRMPL has to maintain sufficient inventory to ensure uninterrupted production and timely execution of orders coupled with the production process of around one month.

PRMPL generally grants around 45-60 days credit to its customers and on the other hand, majority of its purchases are LC backed, which has resulted in higher utilization of the working capital limits.

### Liquidity: Adequate

The liquidity position remains adequate as marked by annual GCA of ~₹9-11 crore as against annual repayment obligation of ~₹3-4 crore over FY25-FY27. As on September 30, 2024, the company also had a free cash and bank balance of ₹37.90 crore, providing additional cushion.

The average utilization of fund-based limits stood high at ~95% for twelve months ended November 30, 2024. Cash flow from operations stood at ~₹12 crore in FY24 (PY: ~₹8 crore).

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Iron & Steel Products

Jaipur (Rajasthan) based PRMPL was incorporated in May 1997 by Rajeev Maheshwari and Praveen Maheshwari. The company is engaged in manufacturing of iron and steel structural sections including rim sections, sprockets, among others through hot rolling process which find application in commercial vehicles, off-road vehicles and two wheelers segment. PRMPL has two manufacturing facilities at Jaipur and Tirupati having aggregate installed capacity of rolling 1,50,000 MTPA as on December 31, 2024. PRMPL also owns two resorts, one in Rajasthan and another in Nagpur.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (Prov.)
Total operating income	214.43	241.70	180.00
PBILDT	12.23	13.65	NA
PAT	3.64	4.38	NA
Overall gearing (times)	0.75	0.86	NA
Interest coverage (times)	2.92	2.46	NA

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	52.70	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	28-02-2025	0.07	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	30-11-2026	4.60	CARE BBB; Stable
Non-fund-based - ST-BG/LC		-	-	-	5.00	CARE A3+
Term Loan-Long Term		-	-	30/09/2030	1.55	CARE BBB; Stable
Term Loan-Long Term		-	-	30/06/2030	2.79	CARE BBB; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (11-Mar-22)
2	Fund-based - LT-Cash Credit	LT	52.70	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-24)	1)CARE BBB; Stable (28-Feb-23)	1)CARE BBB; Stable (11-Mar-22)
3	Non-fund-based - ST-BG/LC	ST	5.00	CARE A3+	-	1)CARE A3+ (06-Mar-24)	1)CARE A3+ (28-Feb-23)	1)CARE A3+ (11-Mar-22)
4	Fund-based - LT-Term Loan	LT	0.07	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-24)	1)CARE BBB; Stable (28-Feb-23)	1)CARE BBB; Stable (11-Mar-22)
5	Fund-based - LT-Term Loan	LT	4.60	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-24)	1)CARE BBB; Stable (28-Feb-23)	1)CARE BBB; Stable (11-Mar-22)
6	Term Loan-Long Term	LT	1.55	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-24)	-	-
7	Term Loan-Long Term	LT	2.79	CARE BBB; Stable	-	1)CARE BBB; Stable (06-Mar-24)	-	-

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

**Annexure-5: Lender details**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

### Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Akhil Goyal Director <b>CARE Ratings Limited</b> Phone: 022-67543590 E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a>
<b>Relationship Contact</b>  Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 044-28501001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a>	Ashish Kashalkar Assistant Director <b>CARE Ratings Limited</b> Phone: 9102040009009 E-mail: <a href="mailto:Ashish.Kashalkar@careedge.in">Ashish.Kashalkar@careedge.in</a>
	Aashvi Shah Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Aashvi.Shah@careedge.in">Aashvi.Shah@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**