

Press Release

PCM Cement Concrete Private Limited

June 12, 2019



Rating Update

Total Bank Facilities Rated*	Rs. 130.13 Cr. #
Long Term Rating	ACUITE BBB- Issuer non-cooperating*
Short Term Rating	ACUITE A3 Issuer non-cooperating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuité has reviewed the long term rating to '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short term rating to '**ACUITE A3**' (**read as ACUITE A three**) on the Rs. 130.13 crore bank facilities of PCM Cement Concrete Private Limited (PCCPL). This rating is now an indicative rating and is based on best available information.

Incorporated in 1991, PCCPL is a Siliguri (West Bengal) based company engaged in manufacturing of railway sleeper. The company is also engaged in flash butt welding, media and real estate. The company is a part of the PCM group which has diversified business interest in tea processing, power trading and real estate. In 2013, PCCPL acquired Rail One AG, a German company engaged in manufacturing of concrete railway sleepers having global presence in the markets of Europe, USA and gulf countries. The company is managed by the Mittal family headed by Mr. Kamal Kumar Mittal having industry experience of more than three decades.

About the Group

PCM group promoted by Late Padam Chand Mittal has diversified business interest. The group has presence in manufacturing of concrete railway sleepers, flash butt welding, real estate, tea, media etc. In 1991, the group has ventured in manufacturing of railway sleepers and flash butt welding through PCCPL. Over the years, the group has promoted PCM Stresscon Overseas Ventures Limited for manufacturing of pre- stressed concrete sleepers in the international market with plants in Saudia Arabia, UAE and India. PCM Tea Processing Private Limited was incorporated in 1999 is engaged in the processing of black tea. In 2013, PCCPL acquired Rail One AG, a German company engaged in manufacturing of concrete railway sleepers having global presence in the markets of Germany, Hungary, Romania, Spain, Turkey, South Korea, USA and Saudia Arabia. Since acquisition in 2013, the group is deriving majority of its revenue from PCM rail One AG. In 2017 the group derived ~ 86 per cent of its revenue from PCM Rail One AG as compare to 87 per cent in FY 16.

Analytical Approach

The team has taken a consolidated view of PCCPL with PCM Rail one AG, PCM Stresscon Overseas Ventures Limited, PCM Tea Processing Private Limited , PCM Hydel Power Corporation Limited, DDM Alloys Casting Private Limited, PCM Cement Concrete Private FZE, PCM Stresscon International Private Limited, PCM Power Trading Private Limited, Railtrack Equipment, Services Private Limited, PCMS Infrastructure Company Private Limited, Rail Track Concrete Products Private Limited, Sathi Builders Private Limited PCMCCPL & Cabcon India Private Limited thereby including 6 subsidiaries, 7 associates and a JV while assigning the ratings. The consolidation has been on account of common promoters, similar line of operations and cross guarantees. Extent of Consolidation: Full.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition-<https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities-<https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

	Unit	FY17(Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1052.78	1188.05	1079.69
EBITDA	Rs. Cr.	61.28	116.70	97.99
PAT	Rs. Cr.	9.64	60.17	51.91
EBITDA Margin	(%)	5.82	9.82	9.08
PAT Margin	(%)	0.92	5.06	4.81
ROCE	(%)	5.04	10.19	20.95
Total Debt/Tangible Net Worth	Times	0.71	0.78	0.77
PBDIT/Interest	Times	3.76	6.13	8.67
Total Debt/PBDIT	Times	4.18	3.04	2.59
Gross Current Assets (Days)	Days	265	232	233

Status of non-cooperation with previous CRA (if applicable)

CARE vide its press release dated 02 April, 2019 has mentioned the rating of PCCPL to 'CARE BB/Stable/CARE A4' Issuer not cooperating.

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
19-March-18	Proposed Cash Credit	Long Term	12.00	ACUITE BBB-/Stable (Assigned)
	Proposed Term Loan	Long Term	11.01	ACUITE BBB-/Stable (Assigned)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A3 (Assigned)
	Letter of Comfort	Long Term	89.99	ACUITE BBB-/Stable

				(Assigned)
	Bank Guarantee	Short Term	2.13	ACUITE A3 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE BBB- Issuer not co-operating*
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	11.01	ACUITE BBB- Issuer not co-operating*
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A3 Issuer not co-operating*
Letter of Comfort	Not Applicable	Not Applicable	Not Applicable	89.99	ACUITE BBB- Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.13	ACUITE A3 Issuer not co-operating*

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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