

## Press Release

PCM Cement Concrete Private Limited

May 19, 2022



### Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.90	ACUITE D   Downgraded	-
Bank Loan Ratings	26.10	-	ACUITE D   Downgraded
Total Outstanding Quantum (Rs. Cr)	40.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

### Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE B+**' (read as **ACUITE B plus**) and short-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.40 crore bank facilities of PCM Cement Concrete Private Limited (PCCPL).

#### Rationale for rating downgrade

The rating downgrade reflects multiple instances of delay in servicing of term debt and LC devolvement by PCCPL in the past and recently in April'22 as confirmed by the banker. Confirmation of curing of default as per Acuite's default recognition criteria will remain a key rating sensitivity.

#### About the Company

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.

#### About the Group

PCM group promoted by Late Padam Chand Mittal has diversified business interest. The group has a presence in manufacturing of concrete railway sleepers, flash butt welding, real estate, tea, media etc. In 1991, the group 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 prestressed concrete sleepers in the international market with plants in Saudi 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 Saudi Arabia. Since acquisition in 2013, the group is deriving the majority of its revenue from PCM rail One AG.

## **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 Hydrel 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, a similar line of operations and cross guarantees. Extent of Consolidation: Full.

## **Key Rating Drivers**

### **Strengths**

#### **Established track record of operations and experienced management**

PCM group, promoted by Mr. Kamal Kumar Mittal, has a long track record of more than two decades in the manufacturing of sleepers and flash butt welding. Currently, the business is managed by the Mittal family with the second and third generation actively involved in the business. The extensive experience of the promoters is reflected through the established relationships with the group's customers and suppliers.

Acuité believes that PCM Group will continue to benefit from its established track record of operations and experienced management and their long-standing relationships with reputed customers and suppliers.

#### **Geographically diversified operations**

PCM group has presence across geographies for railway sleepers such as Germany, Romania, Saudi Arabia, Spain, Turkey, Hungary, USA to name a few and derives around 86 per cent of revenues from these markets. PCM Rail One AG enjoys a dominant position in Germany as well as entire Europe. Besides, the group is also present in the domestic market through PCM Cement and enjoys a comfortable position in the North East in the sleeper segment.

Acuité believes that the group's presence across the globe will continue to support its business profile and enhance its market share.

### **Weaknesses**

#### **Delays in servicing of debt obligations**

The latest feedback received from the bankers confirm that PCCPL has been delaying the servicing of its debt obligations and instances of LC devolvement in the past as well as recently in the month of April 2022.

## **Rating Sensitivities**

- Confirmation of curing of default as per Acuite default recognition criteria.

## **Material covenants**

None

## **Liquidity Position - Poor**

PCCPL has poor liquidity profile marked by recent instances of delays in servicing of debt obligations and LC devolvement.

## **Outlook**

Not Applicable

## Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	1121.98	1300.81
PAT	Rs. Cr.	8.52	31.21
PAT Margin	(%)	0.76	2.40
Total Debt/Tangible Net Worth	Times	0.90	0.87
PBDIT/Interest	Times	3.64	3.70

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

- CARE vide its press release dated 16 August 2021, has mentioned the rating of PCCPL to 'CARE B+/A4' (Reaffirmed & Issuer Not Cooperating) as on 16 August 2021.
- India Ratings vide its press release dated 23 January 2019, has mentioned the rating of PCCPL to 'IND BB+' (Reaffirmed & Issuer Not Cooperating) as on 23 January 2019.
- CRISIL vide its press release dated 28 January 2022, has mentioned the rating of PSOVL to 'CRISIL B/A4' (Reaffirmed & Issuer Not Cooperating) as on 28 January 2022.

## Any other information

None

## Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

## Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Oct 2021	Bank Guarantee	Short Term	17.13	ACUITE A4 ( Issuer not co-operating*)
	Cash Credit	Long Term	12.00	ACUITE B+ ( Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	10.87	ACUITE A4 ( Issuer not co-operating*)
14 Aug 2020	Cash Credit	Long Term	12.00	ACUITE B+   Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	10.87	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	17.13	ACUITE A4 (Reaffirmed)
16 Jun 2020	Proposed Bank Guarantee	Short Term	10.87	ACUITE A4 (Reaffirmed)
	Proposed Term Loan	Long Term	11.01	ACUITE B+ (Withdrawn)
	Cash Credit	Long Term	12.00	ACUITE B+   Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	12.00	ACUITE B+ (Withdrawn)
	Bank Guarantee	Short Term	17.13	ACUITE A4 (Reaffirmed)

	Proposed Bank Guarantee	Short Term	89.99	ACUITE A4 (Withdrawn)
17 Dec 2019	Proposed Term Loan	Long Term	11.01	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Buyers Credit	Long Term	89.99	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	2.13	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Proposed Cash Credit	Long Term	12.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
12 Jun 2019	Proposed Term Loan	Long Term	11.01	ACUITE BBB- (Issuer not co-operating*)
	Proposed Cash Credit	Long Term	12.00	ACUITE BBB- (Issuer not co-operating*)
	Buyers Credit	Long Term	89.99	ACUITE BBB- (Issuer not co-operating*)
	Bank Guarantee	Short Term	2.13	ACUITE A3 (Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A3 (Issuer not co-operating*)
19 Mar 2018	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)
	Buyers Credit	Long Term	89.99	ACUITE BBB-   Stable (Assigned)
	Bank Guarantee	Short Term		
	Bank Guarantee	Term	2.13	ACUITE A3 (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	16.10	ACUITE D   Downgraded ( from ACUITE A4 )
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE D   Downgraded ( from ACUITE B+ )
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE D   Downgraded ( from ACUITE A4 )
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.70	ACUITE D   Downgraded ( from ACUITE B+ )
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	1.20	ACUITE D   Downgraded ( from ACUITE B+ )

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### About Acuité Ratings & Research

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