

March 30, 2023

P P Products Private Limited: Change in limits

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based Limits	7.50	7.50	[ICRA]BBB (Stable); Outstanding
Non-Fund-Based Facilities	86.00	89.72	[ICRA]A3+; Outstanding
Short-term Unallocated Limits	7.50	3.78	[ICRA]A3+; Outstanding
Total	101.00	101.00	

*Instrument details are provided in Annexure-I

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Tarajyot Polymers Limited (TPL) and P P Products Private Limited (PP), given the common promoters, and operational and financial synergies between them.

The ratings consider the extensive experience of the Shyam Group in the polymer trading industry, with a strong presence in the southern markets, and the established relationship of the Group with customers and global suppliers. The ratings also factor in PPPPL's low working capital intensity. In FY2022, the consolidated revenue witnessed a healthy YoY growth of 38% on account of increase in polymer prices; however, volumes remained flat. Further, the revenues for 11MFY2023 improved owing to increased volumes.

ICRA also notes the stated intent of the management to infuse funds in the form of unsecured loans as and when required to meet the working capital requirements. The ratings also factor in the favourable, long-term demand prospects for importing polymers as domestic supply lags demand.

The ratings are, however, constrained by PPPPL's low profitability due to the trading nature of its business and the exposure of its margins to the fluctuations in raw material prices, intense competition, volatility in foreign exchange (forex) rates and to regulatory risks arising from import duties and anti-dumping duties (ADDs) on polymers.

The Stable outlook on the rating reflects ICRA's opinion that PPPPL will continue to benefit from the extensive experience of the Shyam Group of companies in polymer trading with an established relationship with customers and global suppliers.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, key financial indicators, the liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated view of PPPPL and group entity, Tarajyot Polymers Limited, given the common promoters, and operational and financial synergies between them.

About the company

PPPPL, incorporated in 1990, is a part of the Shyam Group of companies and operates out of Bengaluru. It has three branches in Bengaluru, Tuticorin (Tamil Nadu) and Mumbai. PPPPL is involved in the import and domestic trading of various polymers, including poly vinyl chloride (PVC), low-density polyethylene (LDPE), high-density polyethylene (HDPE), linear low-density polyethylene (LLDPE) fillers, polyethylene terephthalate (PET), etc. It imports polymer granules from various global majors.

The Shyam Group has footprints in diverse businesses — such as polymer processing and trading, and non-banking financing activities—and traces its roots to the business set up in 1986 by Mr. Ram Awtar Ramsisaria in Kolkata. The Group shifted its operational base to Bengaluru during the 1980s and started trading in plastic granules through different entities. Since then, the Group has expanded its operations by several folds, and at present includes multiple trading, manufacturing and investment companies.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)					Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2022 (Rs. crore)	Date & rating in FY2023		Date & rating in FY2022 Aug 18, 2022	Date & rating in FY2021 Sep 14, 2021	Date & rating in FY2020	
					Mar 30, 2023	Nov 07, 2022			Sep 07, 2020	Apr 15, 2019
1	Cash Credit	Long Term	7.50	--	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable) ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
2	Letter of Credit/SLC	Short Term	86.00	--	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+ ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+
3	Credit exposure Limit	Short Term	3.72	--	[ICRA]A3+	--	--	--	--	--
4	Unallocated Limits	Short Term	3.78	--	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+ ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+
5	Long-term/Short-term Unallocated Limits	Long Term and Short Term	--	--	--	--	[ICRA]BBB (Stable)/[ICRA]A3+; ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/[ICRA]A3+	[ICRA]BBB (Stable)/[ICRA]A3+	[ICRA]BBB (Stable)/[ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash Credit	Simple
Letter of Credit/SLC	Very Simple

Credit Exposure Limit	Very Simple
Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	7.50	[ICRA]BBB(Stable)
NA	Letter of Credit	-	-	-	86.00	[ICRA]A3+
NA	Credit exposure Limit	-	-	-	3.72	[ICRA]A3+
NA	Unallocated Limits	-	-	-	3.78	[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	PPPPL Ownership	Consolidation Approach
P P Products Private Limited	100.00% (rated entity)	Full Consolidation
Tarajyot Polymers Limited	0.0%	Full Consolidation

Source: PPPPL annual report FY2021-22

Note: ICRA has taken a consolidated view of TPL and PPPPL while assigning the ratings.

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Branches



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