May 30, 2025

P P Products Private Limited: Ratings downgraded to [ICRA]BBB-(Stable)/[ICRA]A3 and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based limits	17.50	2.50	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable)
Non-fund based facilities^	129.72	159.72	[ICRA]A3; downgraded from [ICRA]A3+ and assigned for enhanced amount
Total	**147.22**	**162.22**	

**Instrument details are provided in Annexure I ^Rs. 15 crore interchangeable to fund-based limits*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Tarajyot Polymers Limited (TPL) and PP Products Private Limited (PPPPL), referred to as the Group, considering the common promoters, and operational and financial synergies between the entities.

The ratings downgrade considers the moderation in the Group's leverage and coverage indicators owing to an increase in the working capital borrowings. At a consolidated level, the interest coverage ratio moderated to 1.3 times in FY2024 and 1.2 times in FY2025, declining from 2.5 times in FY2023. Additionally, with an increase in outstanding liabilities (creditors), the adjusted[1] TOL/TNW increased to 2.7 times in FY2024 and 3.6 times in FY2025, compared to 2.2 times in FY2023. The ratings are also constrained by PPPPL's low profitability due to the trading nature of its business and the exposure of its margins to fluctuations in raw material prices, intense competition, volatility in foreign exchange (forex) rates and regulatory risks arising from import duties and anti-dumping duties (ADDs) on polymers.

The ratings, however, favourably factor in 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. In FY2025, on a provisional basis, the consolidated revenue grew by a healthy ~15% year-on-year (YoY) on account of an increase in volumes; however, the realisations had softened. ICRA also notes the management's stated intent to infuse funds in the form of unsecured loans as and when required to meet the working capital requirements. Further, the ratings factor in the favourable long-term outlook for polymer imports amid a domestic supply-demand mismatch.

The Stable outlook on the rating reflects ICRA's opinion that the Group 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.

Key rating drivers and their description

Credit strengths

Extensive experience of promoter group in polymer trading industry - PPPPL, incorporated in 1991, is a part of the Shyam Group with over three decades of extensive experience in polymer trading. The Group has footprints in diverse businesses,

[1] *Adjusted for encumbered cash*

such as polymer processing and non-banking financing activities. PPPPL also benefits from operational linkages and financial support in the form of unsecured loans from other Group entities.

Established relationship with customers and global suppliers - The Group enjoys established relationships with international suppliers such as Exxon Mobile, Saudi Basic Industries Corporation, Basell Asia Pacific Limited, Oman Polypropolyne LLC, Dow Chemicals Limited, etc. Its customers are mainly polymer traders and processors, with some of them providing repeat orders. The Group attracts customers by providing a favourable credit period of 60-90 days; while its imports are mainly LC-backed with a usance period of 90 to 150 days.

Favourable long-term demand for polymers; import dependence likely to continue - The long-term domestic demand outlook remains favourable and is likely to be sustained by an increased demand from end-user industries such as automobiles, FMCG, packaging and pharmaceuticals. While higher domestic supply has increased the competitive pressure, it still lags behind demand and import dependence is expected to continue.

Credit challenges

Low profitability levels and moderate debt indicators - The company's profitability was modest with its OPM and NPM in the range of 1.5%-2.5% and 0.4-0.5%, respectively, in the last few years due to the low value-added nature of the trading operations. The operating profits at an absolute level, improved in FY2024 and FY2025 as the company availed cash discounts from the suppliers. At a consolidated level, the interest coverage ratio moderated to 1.3 times in FY2024 and 1.2 times in FY2025, declining from 2.5 times in FY2023. Additionally, with an increase in outstanding liabilities (creditors), the adjusted TOL/TNW increased to 2.7 times in FY2024 and 3.6 times in FY2025, compared to 2.2 times in FY2023.

Susceptible to volatility in crude prices, forex rates and changes in Government policies - PPPPL's revenue and margins are susceptible to fluctuations in polymer prices and exchange rates. However, the company hedges its receivables, and the hedging cost is captured in the final pricing, which partly mitigates the risk. Further, its performance is also susceptible to changes in Government policies, especially pertaining to the duty structure.

Limited pricing flexibility due to low entry barriers and intense competition - PPPPL faces intense competition from larger domestic manufacturers and organised/unorganised traders, with the industry characterised by low entry barriers, which limits the company's pricing flexibility.

Liquidity position: Adequate

The liquidity is expected to remain adequate on the back of the availability of unutilised fund-based limits, minimal capex plans due to an asset-light business model and no term loan debt obligations. Further, the recent enhancement of the working capital limits and infusion of unsecured loans from promoters, as and when required, would support the liquidity, going forward.

Rating sensitivities

Positive factors - ICRA could upgrade the ratings if the companies exhibit improvement in debt metrics while maintaining the profitability and liquidity position.

Negative factors - ICRA could downgrade the ratings if the companies demonstrate a sustained decline in scale, operating profitability or weakening of the debt metrics and the liquidity position.

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 TPL and group entity, PP Products Private Limited, given the common promoters, and the operational and financial synergies between them

About the company

PPPPL, incorporated in 1991, 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 has multiple trading, manufacturing and investment companies.

Key financial indicators (audited)

Consolidated (TPL+PPPPL)	FY2024	FY2025*
Operating income	1,356.8	1,561.2
PAT	6.2	7.4
OPBDIT/OI	2.6%	2.1%
PAT/OI	0.5%	0.5%
Total outside liabilities/Tangible net worth (times)	3.2	4.1
Total debt/OPBDIT (times)	0.8	1.5
Interest coverage (times)	1.3	1.2

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore ,PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

PPPPL Standalone	FY2024	FY2025*
Operating income	660.0	764.2
PAT	2.4	3.6
OPBDIT/OI	2.5%	2.2%
PAT/OI	0.4%	0.5%
Total outside liabilities/Tangible net worth (times)	4.5	4.0
Total debt/OPBDIT (times)	1.0	0.8
Interest coverage (times)	1.3	1.1

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 30, 2025	Date	Rating	Date	Rating	Date	Rating
Long term - Cash credit - Fund based	Long term	2.50	[ICRA]BBB- (Stable)	-	-	26-FEB-2024	[ICRA]BBB (Stable)	18-AUG-2022	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
				-	-	-	-	07-NOV-2022	[ICRA]BBB (Stable)
				-	-	-	-	30-MAR-2023	[ICRA]BBB (Stable)
Short term - Forward cover – Non-fund based /Credit exposure limit	Short term	3.72	[ICRA]A3	-	-	26-FEB-2024	[ICRA]A3+	30-MAR-2023	[ICRA]A3+
Short term - Letter of credit/SBLC-non fund based^	Short term	156.00	[ICRA]A3	-	-	26-FEB-2024	[ICRA]A3+	18-AUG-2022	[ICRA]A3+ ISSUER NOT COOPERATING
				-	-	-	-	07-NOV-2022	[ICRA]A3+
				-	-	-	-	30-MAR-2023	[ICRA]A3+
Long term/Short term – Unallocated	Long term/Short term			-	-	-	-	18-AUG-2022	[ICRA]BBB (Stable)/ [ICRA]A3+ ISSUER NOT COOPERATING
Short term - Unallocated	Short term			-	-			18-AUG-2022	[ICRA]A3+ ISSUER NOT COOPERATING
				-	-	-	-	07-NOV-2022	[ICRA]A3+
				-	-	-	-	30-MAR-2023	[ICRA]A3+

^Rs. 15 crore interchangeable to fund-based limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Letter of credit/SBLC	Very simple
Forward cover/Credit exposure limit	Very simple

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	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	-	-	-	2.50	[ICRA]BBB- (Stable)
NA	Letter of credit/SBLC	-	-	-	156.00	[ICRA]A3
NA	Forward cover/Credit exposure limit	-	-	-	3.72	[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
PP Products Private Limited	100.00% (Rated entity)	Full consolidation
Tarajyot Polymers Limited	Group entity	Full consolidation

Source: PPPPL annual report FY2023-24

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

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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