

PMP Auto Components Private Limited

Instrument	Amount	Rating Action
Term loans	Rs. 35.03 crore reduced from Rs. 71.50 crore	[ICRA]BBB (Stable) reaffirmed
Fund Based Limits	Rs. 47.00 crore reduced from Rs. 50.00 crore	[ICRA]BBB (Stable) reaffirmed
Fund Based/ Non Fund Based Limits	Rs. 27.00 crore	[ICRA]BBB (Stable)/[ICRA]A2 reaffirmed
Non Fund Based Limits	Rs. 26.00 crore reduced from Rs. 59.00 crore	[ICRA]A2 reaffirmed
Short Term – Unallocated Limits	Rs. 48.52 crore enhanced from Rs. 3.05 crore	[ICRA]A2 reaffirmed

ICRA has reaffirmed the long term rating assigned to the Rs. 35.03 crore (reduced from Rs. 71.50 crore) Term Loan facilities and the Rs. 47.00 crore (reduced from Rs. 50.00 crore) long term fund based facilities of PMP Auto Components Private Limited (PMP)[†] at [ICRA]BBB (pronounced ICRA triple B). ICRA has also revised the short term rating to the Rs. 26.00 crore (reduced from Rs. 59.00 crore) short term non fund based facilities and the Rs. 48.52 crore (enhanced from Rs. 3.05 crore) short term unallocated limits of PMP at [ICRA]A2 (pronounced ICRA A two). ICRA has also reaffirmed the rating for Rs. 27.00 crore Fund Based / Non Fund Based facilities at [ICRA]BBB (pronounced ICRA triple B plus) / [ICRA]A2 (pronounced ICRA A two). The outlook on the long term rating is Stable.

The rating reaffirmation takes into consideration improvement in performance of overseas subsidiary PMP PAL International over last two years which has reported net profits after losses in past several years. Therefore, the parent company will be benefited as no additional support would be required by the subsidiary. Additionally, the subsidiary is expected to pay back to the parent company through dividends in the current fiscal. Further, the auto components division reported healthy revenue growth in FY2016 due to increasing sales from new customers added in the recent past. The ratings continue to take in account group support as well as geographical and customer diversification.

The ratings however remain constrained by stagnant revenue performance and weak profitability in FY2016. The company performance was primarily impacted by weak revenues of the cutting tools division and resultant impact on margins due to high fixed overheads. In addition to lower sales, the cutting tools division also suffered by inventory losses during the year, primarily due to high inventory holding requirements of the division. Though the company is one of the leading cutting tools manufacturers in India, slowdown across industries as well as in key export markets like Europe affected the performance.

The company is incurring capex in Mexico for wiper system manufacturing plant and debt availed for the same might put pressure on consolidated capital structure of the company. Additionally, expected subdued performance in the first year will impact consolidated profitability of the company. Nevertheless, the capital structure and coverage indicators of the company remain comfortable at present and impact of proposed capex is not expected to deteriorate the overall position significantly.

Company Profile

PMP Auto Components Private Limited (PMP) was founded in 1962 for the manufacture of switches, relays, regulators and horns. It was taken over by the Piramal family in 1981. The company ventured into windshield washer system in 1993 and starter motors in 2002. Later in 2006, as the Piramal family split into two groups, the company became a part of Ashok Piramal group.

The company was previously named as PMP Components Private Limited (PCPL). Another group company named Miranda Tools – founded in 1945, taken over by Piramal group in 1978 and a division of Piramal Healthcare Limited (PHL) till April 2008 – was engaged in manufacturing of cutting tools. In April 2009, PCPL and Miranda were amalgamated into PMP Auto Components Private Limited. The company acquired two

¹ 100 lakh = 1 crore = 10 million

[†] For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.



European companies, Bakony Wiper Systems (2007) and PAL International (2008), engaged in wiper systems manufacturing.

Recent Results

PMP has reported a consolidated operating profit before depreciation, interest, amortization and tax (OPBDITA) of Rs. 29.4 crore in FY15 on an operating income of Rs. 374.1 crore. The company reported Profit After Tax (PAT) of Rs. 4.3 crore during the same period.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500