

September 11, 2017

Pearson Drums & Barrels Pvt. Ltd.

Summary of rated instruments

Instrument [^]	Rated Amount (Rs. crore)	Rating Action*
Fund-based limits	17.96	[ICRA]B+ (Stable) ISSUER NOT CO-OPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Fund-based limits	2.40	[ICRA]A4 ISSUER NOT CO-OPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Non Fund-based limits	5.00	[ICRA]A4 ISSUER NOT CO-OPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Untied Limits	0.04	[ICRA]B+ (Stable)/[ICRA]A4 ISSUER NOT CO-OPERATING*; Rating moved to the 'Issuer Not Cooperating' category
Total	25.40	

* Issuer did not co-operate; based on best available information

[^]Instrument Details are provided in Annexure-1

Rating action

ICRA has moved the rating for the Rs. 25.40 crore bank facilities of Pearson Drums & Barrels Pvt Ltd to the 'Issuer Not Cooperating' category. The rating is now denoted as: “[ICRA]B+ (Stable)/[ICRA]A4 ISSUER NOT COOPERATING”.

Rationale

The rating is based on no updated information on the entity's performance since the time it was last rated in February 26, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity's credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with Pearson Drums & Barrels Pvt Ltd, ICRA has been trying to seek information from the company so as to monitor its performance, but despite repeated requests by ICRA, the company's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Key Rating Drivers

Credit Strength

Long experience of the promoters in manufacture of steel barrels business – Presence of experienced promoters with established track record in manufacturing of steel barrels, which strengthens business prospects for the company.

Credit Challenge

Weak financial profile coupled with significant contingent liability – Weak financial risk profile as reflected by low net profitability, high gearing and depressed debt coverage indicators

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable Criteria

[Corporate Credit Rating Methodology](#)

About the company:

Established in 1991, PDBPL was initially engaged in the trading of steel drums. Subsequently in 1993 and 1999, the company set up manufacturing facilities in Kolkata and Mumbai respectively to manufacture steel barrels and engineering goods including clamps, barrier fences, rubber support inserts, and other related accessories. The annual installed capacities of drums at the Kolkata and Mumbai units are 4,86,000 and 6,00,000 pieces respectively.

Key Financial Indicators:

	FY 15
Operating Income (Rs. crore)	67.43
PAT (Rs. crore)	0.04
OPBDIT/ OI (%)	6.83%
RoCE (%)	10.95%
Total Debt/ TNW (times)	1.87
Total Debt/ OPBDIT (times)	4.68
Interest coverage (times)	1.31
NWC/ OI (%)	39%

OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress); NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:

S.No	Name of Instrument	Current Rating FY2018				Chronology of Rating History for the past 3 years		
		Type (Long term/ Short term)	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Month-year & Rating	Month-year & Rating in FY2017	Month-year & Rating in FY2016	Month-year & Rating in FY2015
					September 2017	-	March 2016	-
1	Term Loans	Long term	1.96	(Not available)	ICRA]B+ (Stable) ISSUER NOT COOPERATING*		ICRA]B+	-
2	Cash Credit	Long term	16.00	(Not available)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*	-	ICRA]B+	-
3	Cash Credit (Stand by Line of Credit)	Short term	2.40	(Not available)	[ICRA]A4 ISSUER NOT COOPERATING*	-	[ICRA]A4	-
4	Bank Guarantee	Short term	3.50	(Not available)	[ICRA]A4 ISSUER NOT COOPERATING*	-	[ICRA]A4	-
5	Letter of Credit	Short term	1.50	(Not available)	[ICRA]A4 ISSUER NOT COOPERATING*	-	[ICRA]A4	-
6	Untied Limits	Long term/ Short term	0.04	(Not available)	ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*	-	ICRA]B+/ [ICRA]A4	-

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Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Instrument	Date of Issuance/ Sanction	Coupon rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Term Loans	-	-	-	1.96	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*
Cash Credit	-	-	-	16.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*
Cash Credit (Stand by Line of Credit)	-	-	-	2.40	[ICRA]A4 ISSUER NOT COOPERATING*
Bank Guarantee	-	-	-	3.50	[ICRA]A4 ISSUER NOT COOPERATING*
Letter of Credit	-	-	-	1.50	[ICRA]A4 ISSUER NOT COOPERATING*
Untied Limits	-	-	-	0.04	ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*

Source: Pearson Drums & Barrels Pvt Ltd

* Issuer did not co-operate; based on best available information

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About ICRA Limited:

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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