



## Press Release

### Prompt Enterprises Private Limited

February 18, 2025

#### Ratings

| Instrument / Facility      | Amount (Rs. crore) | Current Rating   | Previous Rating  | Rating Action     | <a href="#">Complexity Indicator</a> |
|----------------------------|--------------------|--|--|-------------------|--------------------------------------|
| Long Term Bank Facilities  | 770.05             | IVR BBB+/ Stable<br>(IVR Triple B Plus; with Stable Outlook) | IVR BBB+/ Stable<br>(IVR Triple B Plus; with Stable Outlook) | Rating Reaffirmed | Simple                               |
| Short Term Bank Facilities | 50.00              | IVR A2<br>(IVR A Two)  | IVR A3+<br>(IVR A Three Plus)                                | Rating Upgraded   | Simple                               |
| <b>Total</b>               | <b>820.05</b>      | <b>Rupees Eight Hundred Twenty Crore and Five Lakhs Only</b> |  |                   |                                      |

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has reaffirmed long term rating at IVR BBB+ with a Stable outlook and upgraded the short-term rating to IVR A2 for the bank loan facilities of Prompt Enterprises Private Limited (PEPL).

The rating continues to draw comfort from the established track record of operations and experienced management, diversified product portfolio and geographical presence, long association with suppliers and customers, improving scale of operations and comfortable financial risk profile. However, these strengths are partially offset by moderate capital structure, working capital intensive nature of operations, and susceptibility of profitability to raw material prices volatility.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes PEPL's will continue to benefit from its operational track record in the business, its reputed clientele and regular inflow of orders. The consumption of steel is poised to record an upward trajectory because of the inexorable process of economic growth and structural transformation.

IVR has principally relied on the standalone audited financial results of PEPL upto 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024) results, 9MFY25 unaudited results and projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial improvement in the scale of operations and EBITDA margins above 7.00%
- Improvement in debt protection metrics
- Sustenance of the overall gearing below 1.90x

#### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of operations and experienced management:**  
The company commenced its operations in 2008 and has a successful track record of around 14 years in the existing line of business. Overall activities of PEPL are managed by five directors with Mr. Mukesh Kumar being the Managing Director. He has experience of more than 3 decades in the steel business. He is ably supported by four other directors, namely Mrs. Kamlesh Gupta, Mr. Vishal Garg and Ms. Shivani Rai who have effective experience in existing line of business as well as supported by qualified and well experienced management team.
- **Diversified product portfolio and geographical presence:**  
The company manufactures and sells products like ERW steel pipes, cold roll coils, hot rolled pickled coils, GP Coils and color coated coils etc. Their products are sold in PAN India. Their products find applications in various industries like auto components, electrical appliances, white goods, hand tools, infrastructure, furniture etc.
- **Long association with suppliers and customers:**  
It has a long relationship with its supplier such as Tata Steel has ensured a steady supply of raw material at competitive rates. The said suppliers accounted for over 97.81% of its total raw material requirements. The company has been associated with most of the key customers for a long time and providing quality products has also helped it in getting repeat orders.
- **Comfortable financial risk profile:**  
The tangible networth improved to Rs. 238.43 crore in FY2024 from Rs. 198.29 crore in FY2023. The debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) remained comfortable at to 2.80x and 1.44x respectively in FY2024.
- **Improving scale of operations and profitability margins:**



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The total operating income (TOI) improved by ~11.22% to Rs. 2215.46 crore in FY2024 from Rs. 1991.90 crore in FY2023. In 9MFY25, TOI stood at Rs. 2058.01 crore. The company's operating profit margins improved to 6.28% in FY2024 from 5.28% in FY2023 due to increase in TOI.

### Key Rating Weaknesses

- **Moderate capital structure:**

The capital structure is moderate where TOL/TNW stood at 3.05x in FY2024. Due to regular debt funded capacity expansions projects undertaken by the company, the overall gearing continues moderately deteriorated at 2.86x in FY2024 as compared to 2.79x in FY2024.

- **Working capital intensive nature of operations:**

PEPL's operations are working capital intensive in nature, supported largely by bank borrowings. The average utilization of fund based working capital limits of the company stood high around ~84.54% during the last 12 months ending 31st December 2024.

- **Susceptibility of profitability to raw material price volatility:**

The company is exposed to volatility in raw material prices. The prices of these raw materials are highly volatile and can lead to volatility in the profitability margins. However, this risk of volatility in prices is partially mitigated by the company's long-standing relations and understanding with clients on the price front and price escalation clauses that work on both sides; in case raw material prices decline, the company passes on the benefit to customers, and in case the prices move upward, the company gets compensated for the same.

**Analytical Approach:** For arriving at the ratings, IVR has analysed PEPL's credit profile by considering the standalone financial statements of the company.

### Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for Assigning Rating Outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### **Liquidity – Adequate**

The company has an adequate liquidity position. There are long-term secured borrowings from banks, amounting to Rs. 213.93 crore, as on 31st March 2024. Against a current portion of long-term debt (CPLTD) of Rs 39.76 crore in FY2024, the company had a cash accrual of Rs. 79.20 crore in FY2024. The company projected to generate cash accruals between Rs. 123.35 crore - Rs. 163.42 crore from FY2025-FY2027 which are sufficient for repayment obligations. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

### **About the Company**

Prompt Enterprises Private Limited (PEPL) was incorporated in 2008 under the leadership of Mr. Mukesh Kumar and Mrs. Kamlesh Gupta. It is currently managed by directors namely Mr. Mukesh Kumar (Managing Director), Mrs. Kamlesh Gupta, Mr. Vishal Garg and Ms. Shivani Rai. The company is engaged in manufacturing and sale of ERW steel tubes/pipes, Cold rolling coil, Hot roll pickling, GP Coils, Colour coated coils and Slitting/Cutting. The company has three manufacturing units located at Faridabad (1 unit), Haryana and Palwal (2 units), Haryana. The total installed capacity of ERW Pipes is 95,000 metric tonne per annum (MTPA), Slitting line is 3,70,000 MTPA, Cold rolling coil is 4,80,000 MTPA, Hot roll pickling of 4,80,000 MTPA, Colour Coated Coils 1,20,000 MTPA and Continuous Galvanizing Line is 1,20,000 MTPA. The total combined area of three units is 42 acres. It is an ISO certified company.

### **Financials (Standalone):**

| <b>(Rs. crore)</b>                  |                   |                   |
|-------------------------------------|-------------------|-------------------|
| <b>For the year ended as on</b>     | <b>31-03-2023</b> | <b>31-03-2024</b> |
|                                     | <b>Audited</b>    | <b>Audited</b>    |
| Total Operating Income              | 1991.10           | 2215.46           |
| EBITDA                              | 105.22            | 139.14            |
| PAT                                 | 37.79             | 41.51             |
| Total Debt                          | 540.89            | 665.97            |
| Tangible Networkth                  | 198.29            | 238.43            |
| EBITDA Margin (%)                   | 5.28              | 6.28              |
| PAT Margin (%)                      | 1.90              | 1.87              |
| Overall Gearing Ratio (x)           | 2.79              | 2.86              |
| Interest Service Coverage Ratio (x) | 3.41              | 2.80              |

**Status of non-cooperation with previous CRA:** It is under ISSUER NOT COOPERATING category by Brickwork Ratings via press release dated 21<sup>st</sup> December 2023 due to non-submission of information.

**Any other information:** Not Applicable



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### Rating History for last three years:

| Sr. No. | Type of Instrument/Facility | Current Ratings (Year 2024-25) |                                |                  | Rating History for the past 3 years                     |  |   |   |
|---------|-----------------------------|--------------------------------|--------------------------------|------------------|---|--|---|---|
|         |                             | Tenure                         | Amount outstanding (Rs. Crore) | Rating           | Date(s) & Rating(s) assigned in 2023-24<br>1 March 2024 | Date(s) & Rating(s) assigned in 2023-24<br>16 January 2024 | Date(s) & Rating(s) assigned in 2022-23<br>12 December 2022 | Date(s) & Rating(s) assigned in 2021-22 |
| 1.      | Fund Based                  | Long Term                      | 770.05                         | IVR BBB+ /Stable | IVR BBB+ /Stable  | IVR BBB+ /Stable   | IVR BBB+ /Stable  | -                                       |
| 2.      | Non-Fund Based              | Short Term                     | 50.00                          | IVR A2           | IVR A3+   | IVR A3+  | IVR A3+   |   |

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### About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for





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any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities:

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date  | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|------------------|------------------|------------------|----------------|------------------------------|--------------------------|
| Cash Credit/WCDL | -                | -                | -              | 288.00                       | IVR<br>BBB+/Stable       |
| Channel Finance  | -                | -                | -              | 257.00                       | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | January 2026   | 22.68                        | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | February 2026  | 1.79                         | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | March 2026     | 0.62                         | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | July 2026      | 2.33                         | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | March 2027     | 7.19                         | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | May 2027       | 35.97                        | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | August 2027    | 7.63                         | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | September 2027 | 12.92                        | IVR<br>BBB+/Stable       |
| GECL-TL          | -                | -                | March 2028     | 19.88                        | IVR<br>BBB+/Stable       |
| Term Loan        | -                | -                | October 2028   | 13.08                        | IVR<br>BBB+/Stable       |
| GECL             | -                | -                | December 2028  | 1.59                         | IVR<br>BBB+/Stable       |



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|                       |   |   |                  |       |                    |
|-----------------------|---|---|------------------|-------|--------------------|
| Term Loan             | - | - | May 2029         | 17.00 | IVR<br>BBB+/Stable |
| Term Loan             | - | - | July 2029        | 22.50 | IVR<br>BBB+/Stable |
| Term Loan             | - | - | February<br>2030 | 30.00 | IVR<br>BBB+/Stable |
| Term Loan             | - | - | April 2030       | 21.87 | IVR<br>BBB+/Stable |
| Proposed Term<br>Loan | - | - | -                | 8.00  | IVR<br>BBB+/Stable |
| Letter of Credit      | - | - | -                | 50.00 | IVR A2             |

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-prompt-enterprises-feb25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated securities/facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/combined analysis:** Nil

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).