



Press Release

Prime Comfort Products Private Limited

October 13th, 2023

Instrument Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	67.82	IVR BB+; Stable Outlook (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Total	67.82	Rupees Sixty-Seven Crores & Eighty-Two Lakhs		

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long-term rating of IVR BB+ with stable outlook for the bank loan facilities of Prime Comfort Products Private Limited (PCPPL).

The rating draws comfort from its established track record of operations and experienced promoters, improvement in scale of operations. However, these strengths are partially offset by moderate capital structure and debt protection metrics, elongated operating cycle, fragmented nature of the industry leading to thin profit margins and stretched liquidity.

IVR has principally relied on the standalone audited financial results of PCPPL's up to 31 March 2023, and projected financials for FY2024, FY2025 and FY2026, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

- **Upward Factors**
 - Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.



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- Improvement in the capital structure with further improvement in debt protection metrics.
- **Downward Factors**
 - Decline in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
 - Any further significant rise in working capital intensity or unplanned capex leading to deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Experienced Promoters:

Prime Comfort Products Private Limited has been promoted by Mr. Praduman Patel, who has been in the industry for the last three decades. With his knowledge and expertise of the foam industry, the company have the capability of manufacturing a wide range of PU foams, mattresses, pillows and cushions etc.

Improvement in scale of operation:

The total operating income has shown y-o-y growth of 20% in FY23. TOI improved from Rs. 270.57 crore in FY22 to Rs. 324.22 crore in FY23 driven by increase in production with increase in demand. The profitability of the company in terms of PAT margin remains moderate from 1.06 % in FY22 to 1.10% in FY23. However, EBITDA margin reflect decline from 6.31% in FY22 to 5.82% in FY23. This decline is due to increase in direct expenses.

B. Key Rating Weaknesses

Modest debt protection metrics

The debt protections parameters were moderate with interest service coverage ratio (ISCR) at 1.89x in FY22, as against 2.02x in FY23 and the debt service coverage ratio (DSCR) remained below unity at 0.85x in FY23.



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Elongated Operating cycle

The company's operating cycle has improved from previous fiscal year but remained elongated at 93 days in FY23 (PY: 110days). This elongation is on account of high inventory days of 81 days in FY23 (PY: 110 days). Operating cycle is expected to be remain elongated during the projected period.

Highly Fragmented and Competitive Industry

The polyurethane industry is dominated by players operating in the small and medium-scale sector, resulting in high fragmentation and intense competition. These players mainly cater to regional demand and enjoy the benefits of lower cost in terms of proximity to customers and raw material suppliers. Further, due to low product differentiation and value addition, the industry is highly competitive with price being the key differentiating factor.

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

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for rating outlook](#)

Liquidity – Stretched

Prime Comfort Products earned gross cash accrual of Rs. 7.99 crore as against the debt repayment obligation (CPLTD) of Rs. 11.24 crore as on March 31, 2023. The company's fund-based working capital limits remained highly utilised at ~88% during the past 12 months ended July 2023, indicating limited buffer to meet incremental requirements. The company has current ratio of 1.32x as of March 31, 2023. The company has cash and cash equivalents amounting to Rs.0.43 crore as on March 31, 2023. All these factors reflect stretched liquidity position of the company.



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About the Company

Prime Comfort Products Private Limited (PCPPL), incorporated in November 2009, is an ISO 9001:2008 certified manufacturer of flexible polyester & polyether PU Foam. The company started its production in October 2010. PCPPL has been managed and promoted by Mr. Praduman Patel along with his wife Mrs. Renu Patel and sons Mr. Rohan Patel Mr. Krish Patel. PCPPL is engaged in the manufacturing of various kinds of PU Foams, Mattress, Pillows and Cushions like fresh foam covered mattress, coir champ mattress, back support mattress, luxe rebond mattress, spring zing mattress etc.

Refresh mattresses is a brand of Prime Comfort Products Pvt. Ltd. The company has two manufacturing facility, one at Greater Noida, U.P, with an annual current capacity of 12,000 MT and second manufacturing unit at Ahmedabad, Gujarat with an annual current capacity of 6,000 MT.

Financials (Standalone):

(Rs. crore)

For the year ended* As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	207.89	324.22
EBITDA	17.07	18.88
PAT	2.86	3.56
Total Debt	117.09	103.77
Tangible Net worth*	56.70	60.25
EBITDA Margin (%)	6.31	5.82
PAT Margin (%)	1.40	1.40
Overall Gearing Ratio (x)	2.07	1.72

**as per Infomerics standards*

Status of non-cooperation with previous CRA: Brickwork Ratings vide press release dated Jan 06, 2023, has continued to classify the case under Issuer Not Cooperating category on account of non-submission of relevant information.

Any other information: Nil

Rating History for last three years:



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Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based	Long Term	67.82	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Om Prakash Jain

Tel: (011) 45579024

Email: opjain@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (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



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan/GECL	-	-	-	19.82	IVR BB+/Stable(IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities - Cash Credit	-	-	-	48.00	IVR BB+/Stable(IVR Double B Plus with Stable Outlook)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-PCPPL-oct23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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