



Press Release

Prime Comfort Products Private Limited

November 29th, 2024

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	67.98(Enhanced from Rs. 67.82 cr.)	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Upgraded	Simple
	Total	67.98	Rupees sixty-seven crores and ninety-eight lakhs only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded the long-term rating for the bank facilities to IVR BBB Minus with stable outlook for Prime Comfort Products Private Limited (PCPPL).

The rating continues to draw comfort from experienced promoters, comfortable capital structure and diversified customer base of the company. However, these rating strengths are partially offset by modest debt protection metrics, elongated operating cycle and highly fragmented and competitive industry.

The company continues to derive strength from strong demand for PU foam across various sectors and funding support from its promoters through addition of unsecured loans. Infomerics expects that business risk profile will be maintained over the medium term that keeps the outlook stable.

IVR has principally relied on the audited financial results of PCPPL's up to 31 March 2024, unaudited financial results as on 30th Sep,2024 and projected financials for FY25, FY26 and FY27 and publicly available information/ clarifications provided by the company's management.

- **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 has the capability of manufacturing a wide range of PU foams, mattresses, pillows and cushions etc.

- **Comfortable Capital Structure**

The capital structure of the company improved with tangible net worth of Rs. 64.08 crore in FY24 against Rs. 60.25 crore in FY23 and overall gearing of 1.48x as on March 31, 2024. Further, total indebtedness of the company remained satisfactory, reflected by TOL/TNW at 2.56x in FY24 as against 2.71x in FY23.

- **Diversified customer base of the company**

PCPPL has been operational for more than 15 years in foam products manufacturing business and has been able to establish healthy relationship with its customers. In light of the established relationship, the company managed to get repeat orders from its customers. The revenue from top 5 customers contributes ~24% of the total sales indicating lower customer concentration risk and diversified customer base.

B. Key Rating Weaknesses

- **Modest debt protection metrics**

The debt protections parameters were moderate with interest service coverage ratio (ISCR) at 1.73x in FY24, as against 1.85x in FY23 and the debt service coverage ratio (DSCR) remained below unity at 1.04x in FY24.

- **Elongated Operating cycle**



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The company's operating cycle has improved from the previous fiscal year but remained elongated at 88 days in FY24 (PY: 93days). This elongation is on account of high inventory days of 69 days in FY24 (PY: 80 days). The operating cycle is expected to 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: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on default recognition and post-default curing period](#)

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

Liquidity – Adequate

The liquidity position of the company is adequate marked by gross cash accrual of Rs. 8.13 crore as against the debt repayment obligation (CPLTD) of Rs. 7.50 crore as on March 31, 2024. The company's fund-based working capital limits remained highly utilised at 94.77% during the past 12 months ended Sep 2024, indicating low buffer to meet incremental requirements. The company has current ratio of 1.28x as of March 31, 2024. The company has cash and cash equivalents amounting to Rs.0.13 crore as on March 31, 2024. All these factors reflect adequate liquidity position of the company.

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. 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. The company operates under the brand name "Refresh mattresses". The company has two manufacturing facilities



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located at Greater Noida, U.P, with an annual current capacity of 12,000 MT and second and at Ahmedabad, Gujarat with an annual current capacity of 6,000 MT.

Financials (Standalone):

For the year ended*/As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	323.87	328.96
EBITDA	18.19	17.95
PAT	3.56	3.84
Total Debt	103.76	94.73
Tangible Net worth	60.25	64.08
EBITDA Margin (%)	5.62	5.46
PAT Margin (%)	1.10	1.16
Overall Gearing Ratio (x)	1.72	1.48
Interest Coverage Ratio (x)	1.85	1.73

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Brickwork Ratings vide press release dated Feb 15, 2024 has classified the rating into issuer not cooperating category.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Oct 13, 2023)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit	Long Term	55.00*	IVR BBB-/Stable	IVR BB+/Stable	-	-
2.	Term Loan	Long Term	12.98	IVR BBB-/Stable	IVR BB+/Stable	-	-

** Import LC of Rs. 30 crore is sub-limit of CC facility and Trade Credit of Rs 30 crore is sub-limit of import LC.*

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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 Fund Based Facilities – Cash Credit	-	-	-	55.00*	IVR BBB-/Stable
Long Term Fund Based Facilities – Term Loan	-	-	2026	12.98	IVR BBB-/Stable

** Import LC of Rs. 30 crore is sub-limit of CC facility and Trade Credit of Rs 30 crore is sub-limit of import LC.*

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-prime-comfort-nov24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: 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 [Complexity Level of Rated Instruments/Facilities](#).