



Press Release

Prince Corp Private Limited

June 28, 2022

Ratings

Instrument/ Facility	Amount (Rs. crore)	Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	132.00	IVR BBB-/ Stable (IVR triple B minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	73.00	IVR A3 (IVR A three)	Assigned	Simple
Total	205.00 (INR Two Hundred Five crores only Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Prince Corp Private Limited considers the experience of promoters with established track record in the business, moderate capital structure and adequate debt protection metrics, Improvement in financial performance in FY22 (provisional). However, the rating is constrained by working capital intensive nature of business, vulnerability to foreign currency risk and intense competition in the industry.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any further investment in group/associate companies.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoter and long track record of the company

PCPL was incorporated in 1992 by Mr. Raakesh Chheda, who have experience of more than a three decades in the business of manufacturing of plastic ware products. PCPL has a long operational track record of more than five decades in the plastic manufacturing business. Prior to PCPL, the company was known as Princeware International Private Limited, was engaged in the same line of business. Infomerics believes that the group will continue to get support through the promoter's extensive industry experience and established relation with its customers over the medium term.

Moderate capital structure and adequate debt protection metrics

The capital structure of the company comprises of unsecured loans from promoter and body corporates and Cash credit facility. On considering, USL from promoters and body corporates as quasi equity, the capital structure stands moderate as on March 31, 2022 with debt equity ratio of 0.34x (0.20x as on March 31, 2021) and overall gearing of 0.88x (0.88x as on March 31, 2021). Overall indebtedness of the company marked by TOL/ATNW also remains satisfactory at 1.53x as on March 31, 2022. With rise in absolute profit, the debt protection metrics of the company witnessed improvement and the interest coverage ratio stood at 1.69x in FY22 provisional against 1.46x of FY21. Total debt to GCA though improved, remain high at 11.16 years as on March 31, 2022 (13.82 years in FY21).

Improvement in Financial performance in FY22 (Provisional)

The company in the period FY22(P) has reported a healthy improvement in revenue as it has reported a topline of Rs.196.89 crores in FY 22 against Rs.176.97 crores in FY 21 on account of better sales realization in FY22.



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Key Rating Weaknesses

Working capital intensive nature of business

The operations are working capital intensive in nature as the company receives credit period of around 3 months from the suppliers of raw materials whereas the company extends credit period of around 138 days to its customers which increases the working capital requirements. The operating cycle of the company remained very high at around 220 days in FY22 provisional. Further, the working capital intensity is reflected from the high average utilisation of about 92% in its fund-based limits.

Vulnerability to foreign currency risk

The company is exposed to foreign exchange currency risk as it doesn't use any specific hedging mechanism and doesn't enjoy natural hedge as its exports stands at around 58% of its sales against around 5% of imports which suggests that natural hedging doesn't come into account in case of the company. Its total unhedged forex exposure stands at USD 8.53 Million as on 31st March 2022. Such high unhedged forex exposure makes the company vulnerable to foreign currency risk.

Intense competition in the Industry

The plasticware manufacturing industry is characterised by limited entry barriers and intense competition from numerous small unorganised and organised players. However, PCPL's preferred supplier status and its reputed customers and a long working relationship with the existing clients provide it with some competitive advantage.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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



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Liquidity: Adequate

The liquidity position of the company is expected to remain adequate as the company is expected to generate steady cash accruals as against its scheduled debt repayment obligation during FY23-25. The company is expected to earn Gross Cash Accruals (GCA) of Rs.15.17 crores in FY23 as against its repayment obligation of Rs.2.72 crores. Also, the company's current ratio stands at 1.61x. However, the working capital utilization of company stood at ~92% during past 12 months ended April 2022.

About the Company

Prince Corp Private Limited (Erstwhile Princeware International Private Ltd) is a Mumbai (India) based multinational organization engaged in the manufacturing & marketing of Kitchenware & other home ware products under the "Princeware" brand. The Company is owned & managed by Mr. Rakesh Chheda, is a part of Kishore Chheda Group which has been in plasticware business for more than 40 years.

Financials (Standalone)

(Rs. crore)

For the year ended* / As On	31-03-2021	31-03-2022
	Audited	Provisional
Total Operating Income	176.97	196.89
EBITDA	27.29	27.78
PAT	1.95	3.41
Total Debt	122.29	123.02
Tangible Net worth	106.58	110.08
EBITDA Margin (%)	15.42	14.11
PAT Margin (%)	1.10	1.73
Overall Gearing Ratio (x)	0.88	0.88
Interest Coverage Ratio (x)	1.59	1.86

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: NIL

Any other information: NIL



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Rating History for last three years:

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit*	Long Term	89.00*	IVR BBB-/ Stable	-	-	-
2.	Overdraft	Long Term	5.00	IVR BBB-/ Stable	-	-	-
3.	WCTL/PPS C**	Long Term	10.00	IVR BBB-/ Stable	-	-	-
4.	Term Loan	Long Term	3.53	IVR BBB-/ Stable	-	-	-
5.	ECLGS	Long Term	2.50	IVR BBB-/ Stable	-	-	-
6.	ECLGS 2.0	Long Term	12.25	IVR BBB-/ Stable	-	-	-
7.	BGECLS 2.0	Long Term	9.72	IVR BBB-/ Stable	-	-	-
8.	Letter of Credit	Short Term	52.00	IVR A3	-	-	-
9.	Bank Guarantee	Short Term	2.00	IVR A3	-	-	-
10.	Letter of Credit/ Bank Guarantee	Short Term	5.00	IVR A3	-	-	-



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11.	Standby Letter of Credit	Short Term	14.00	IVR A3	-	-	-
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**Includes proposed cash credit of Rs.24 crores*

***Interchangeability between WCTL and Pre-cum-Post Shipment Credit*

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit 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, suspend 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 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



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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 (INR Crore)	Rating Assigned/ Outlook
Cash Credit -I	-	-	-	36.00	IVR BBB-/ Stable
Cash Credit -II	-	-	-	9.00	IVR BBB-/ Stable
Cash Credit -III	-	-	-	20.00	IVR BBB-/ Stable
Overdraft	-	-	-	5.00	IVR BBB-/ Stable
Working Capital Term Loan/PPSC*	-	-	-	10.00	IVR BBB-/ Stable
Proposed Cash Credit	-	-	-	24.00	IVR BBB-/ Stable
Term Loan	-	-	FY24	1.23	IVR BBB-/ Stable
Term Loan	-	-	FY25	2.30	IVR BBB-/ Stable
ECLGS	-	-	FY26	2.50	IVR BBB-/ Stable
ECLGS 2.0	-	-	FY28	1.25	IVR BBB-/ Stable
ECLGS 2.0 -II	-	-	FY29	11.00	IVR BBB-/ Stable
BGECLS 2.0	-	-	FY28	2.86	IVR BBB-/ Stable
BGECLS 2.0 -II	-	-	FY28	6.86	IVR BBB-/ Stable
Letter of Credit- I	-	-	-	32.00	IVR A3
Letter of Credit- II	-	-	-	20.00	IVR A3
Bank Guarantee	-	-	-	2.00	IVR A3
Letter of Credit/ Bank Guarantee	-	-	-	5.00	IVR A3
Standby Letter of Credit	-	-	-	14.00	IVR A3

**Interchangeability between WCTL and Pre-cum-Post Shipment Credit*

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



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Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Prince-Corp-june22.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.

