



Rating Rationale

Prince SWR Systems Pvt. Ltd.

5 Mar 2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 164.16 Crores of Prince SWR Systems Pvt. Ltd.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	108.16	Long Term	BWR BBB- (Pronounced as Triple B minus) Outlook: Stable
Non Fund Based	56.00	Short Term	BWR A3+ (Pronounced as BWR Single A three)
Total	164.16	INR One Hundred and Sixty Four crores and Sixteen Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon Prince SWR Systems Private Limited's (PSSPL) audited financials till FY17-18 and projected financials of upto FY22, publicly available information, and the information/clarifications provided by the Company.

The above rating is driven by the experienced promoters/management, established track record of the operations in the industry, improved scale in FY18 and 9M Dec18, and moderate coverage ratios.

The rating is however constrained on account of long operational cycles, high inventory days.

A group company namely Prince Industries with Sales of Rs.192.54 crs, EBITDA of Rs.20.01 crs, PAT of Rs.5.83 crs, tangible net worth of Rs.40.89 crs and total debt of Rs.67.52 crs will be merged with PSSPL as per the management.



Ability of the company to sustain the improvements in the scale of operations coupled with improvement in profitability, liquidity and the developments related to the merger remains with a group company are the key rating sensitivities.

Description of Key Rating Drivers

- Experience of promoter: Management of company is concentrated within family and current management have more than 2 decade of experience in related field.
- Financial Risk profile: The financial risk profile of the company is marked with Tangible Net Worth of Rs.69.25cr in FY18, resulting in moderate gearing. Coverage remained at moderate levels , with ISCR and DSCR reported at 1.75x and 1.22x in FY18.
- Scale and profitability: Total Operating income in FY18 has shown significant growth to Rs.448.32 cr v/s Rs.351.15 cr in FY17. Profitability has remained flat in FY18 in absolute, in terms of margins as reflected through OPM and NPM these have shown dip in FY18. However, in 9M FY19, the company has reported increased profit margins.
- Company model is based on acquiring large chunk of inventory in order to cater demand on just in time basis, resulting in high carrying cost.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Liquidity Profile: Liquidity profile of the company is marked with low current ratio in FY18 and going to improve going forward as per the management. Its cash and its equivalents are reported at Rs.6.36cr in FY18. Company.

Rating Outlook: *Stable*



BWR believes the **Prince SWR Systems Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Prince SWR Systems Pvt.Ltd (PSSPL) was incorporated in March 1995. The commercial production commenced in April 1996. The company manufactures Polyvinyl chloride (PVC), unplasticised PVC, and Chlorinated polyvinyl chloride (CPVC) pipes and fittings under the brand, Prince. PSSPL is promoted by Mr. Piyush Chheda (managing director) and his family members. It has developed 3 manufacturing units at Silvassa, Dadra and Hyderabad. **Merger details:** Promoters plan to merge the group entity Prince Industries (Partnership Firm) having its manufacturing unit at Haridwar in near future. Post the conversion of Prince Industries into Private Limited company, the merger will take place.

Company Financial Performance

(Financial information of latest two financial years to be given along with key performance indicators)

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	448.32	351.15
EBITDA	₹ Cr	38.28	33.67
PAT	₹ Cr	4.91	4.81
Tangible Net worth	₹ Cr	69.25	62.15
Total Debt/Tangible Net worth	Times	2.78	2.81
Current Ratio	Times	1.05	0.97

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
	Fund Based	Long Term	108.16	BWR BBB- (Pronounced as Triple B minus) Outlook: Stable	NA	NA	NA
	Non Fund Based	Short Term	56.00	BWR A3 (Pronounced as A Three)	NA	NA	NA
	Total		164.16	₹One Hundred and Sixty Four Crores and Sixteen Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments: NA

Any other information: NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)



- **Short Term Debt**

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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