Prayagh Consumer Care Private Limited

May 7, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	56.50	CARE BBB+; Stable	Assigned
Long-term / Short-term bank facilities	125.00	CARE BBB+; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings for Prayagh Consumer Care Private Limited's (Prayagh) bank facilities are bolstered by the company's experienced promoters, who have over two decades of proven business expertise. Prayagh has demonstrated strong operational performance with a revenue of ~₹835 crore in FY24, reflecting a 17% year-over-year (y-o-y) growth due to increased market penetration and higher sales volumes. The company holds a significant market share in the hard-boiled sugar candies and confectionery segment, particularly in rural and semi-urban areas. Its extensive distribution network covers over 500,000 retail outlets through several distributors and super stockists, which further strengthens its market position. Prayagh maintains a moderate financial profile with an overall gearing ratio of 0.84x and an interest coverage ratio of 4.18x, supported by a net worth of ~₹ 147 crore as on March 31, 2024, estimated to be ₹155 crore on March 31, 2025. However, the company faces challenges such as moderate profit margins of ~4-5%, susceptibility to volatile raw material prices, high working capital requirements, and competition in a highly fragmented industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) increasing over ₹1000 crore with a profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of above 10% on a consistent basis.
- Improvement in overall gearing to 0.5x with total debt (TD) to PBILDT of less than 2x on a sustained basis.

Negative factors

- Deterioration in the overall gearing above 1.5x in future.
- PBILDT margin falling below 4% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes Prayagh will continue benefitting from its established market presence and promoter's extensive industry experience.

Detailed description of key rating drivers:

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Key strengths

Experienced management with long operational track record

Prayagh was incorporated in March 2023 as demerged entity of Prayagh Nutri Products Private Limited (established in December 1999. The demerger was approved by NCLT with effect from April 1,2023. Both Prayagh and PNPPL are promoted by Preetam Bhawandas Lalwani, managing director, who holds a degree in commerce and possess over two decades' experience in administration, finance, and marketing. With 22 years' industry experience and extensive expertise, he has been recognised for his contributions. He received the 'Udyog Bharthi Award' from the Indian Achievers Forum, a Central Government organisation, presented by the Prime Minister of India. He is assisted by his son, Vinod Preetam Lalwani, serving as executive director. He holds a postgraduate degree in food technology from Central Food Technological Research Institute (CFTRI), Mysuru, and has vast experience in production, quality assurance, and research and development (R&D) operations in sugar confectionery and chocolates domain.

Established brands in rural and semi-urban markets

The brands 'Cintu' and 'Lavian' have established a strong presence in the candy segment in rural areas of western and southern Indian. Prayagh manufactures around nine varieties of confectioneries, including candy and lollipops, among others. Currently, these brands have established a market presence in 25 Indian states and five union territories, while exporting to Africa, Nepal, and Dubai. The company has added new geographies, new product line and has engaged with organised retail chains including Reliance Smart, D-Mart, Metro supermarkets and online partners such as Flipkart.

Strong distribution network and diversified geographical reach

Prayagh has developed a robust distribution network and expanded its geographical reach significantly. The company utilises its stockists, distributors, and retailers across regions, with its wholesale distribution operating under the brand name 'Cintu,' supported by a network of 360 distributors throughout India. Prayagh has introduced the brand 'Lavian' in Hyderabad, Telangana, to strengthen its retail channel. Notably, ~85% total revenue in FY24 was generated from the sales of these two brands.

Prayagh has extended its market presence internationally, exporting to 20 countries across five continents. This global expansion underscores the company's strategy to diversify its revenue streams and explore international markets for sustained growth and development.

Healthy scale of operations, despite low profitability

The TOI stood ₹836 crore in FY24 while for 9MFY25, the company reported sales of ₹663 crores. The company also engages in job work for ITC Limited and DS group on a conversion basis. The company's majority revenue, ~99% in FY24, is derived from direct sales, while revenue generated through contract manufacturing accounts for ~1-2% total sales. TOI for FY25 is estimated at ₹894 crore. Prayagh is further undertaking a capex funded through ~₹25 crore of debt for augmenting capacity to cater growing demand and increase its market penetration.

The company's profitability is vulnerable to fluctuating prices of main raw materials such as liquid glucose, cocoa powder, edible fats, and sugar. The company's operating profit remained 5.20% in FY24. However, operating margins have declined to 3.92% in 9MFY25 primarily due to increase in RM prices and decline in realisations. The profit margins remain susceptible to fluctuation in raw material prices.

The company is not generally able to pass on the price increase immediately as the target customers are price sensitive. Instead, it normally decreases the grammages of chocolates/toffies among others to improve realisations which is a typical industry phenomenon.

Moderate financial risk profile

The company's capital structure comprises term loans, working capital borrowings, and unsecured loans from promoters. The company's capital structure remained comfortable marked by an overall gearing of 0.84x as on March 31, 2024. The company's net worth stood healthy at ~₹147 crore. Coverage indicators also remained satisfactory, marked by PBILDT interest coverage ratio of 4.18x as on March 31, 2024. Overall gearing and PBILDT coverage is expected to reach to 1.12x and 3.01x, respectively, as on March 31, 2025.

Key weaknesses

Profitability susceptible to volatile raw material prices

Raw material prices, including liquid glucose, sugar, cocoa and flavours, experienced volatility, resulting in price increases. Increase in packaging materials such as flex also impacts the margins. Marketing expenses also increased in this period. Such raw material price volatility has led to fluctuating profitability for the company over the past few years.

Intensive industry competition

Prayagh competes with several organised and unorganised players operating in the same industry. Some of these companies have extensive operations, nationwide presence, and strong brand recognition. There is a growing number of local and regional players across the country, adding competition at the regional level. For industry players such as Prayagh, the primary challenge is not only retaining and expanding their regional presence but also strategically positioning themselves to become national players while maintaining quality and quantity standards. Once a product is approved by the buyer, the possibility of changing suppliers is moderate. However, ensuring consistency in taste for end-customers is crucial.

Regulatory challenges on quality and safety of products

The packaged food industry in India is regulated by the Food Safety and Standards Authority of India (FSSAI), ensuring adherence to quality specifications and packaging standards. Failure to comply with FSSAI's quality specifications can lead to penalties and damage the company's brand image. Changes in FSSAI policies can impact industry players' performance. Prayagh's manufacturing facilities are certified with ISO 9001:2008 and Hazard Analysis and Critical Control Point (HACCP), ensuring quality management and hazard analysis. All confectionery products are Indian Standards Institute (ISI)-marked, indicating compliance with Indian standards. Moreover, Prayagh holds certification from FSSC 22000 for food safety responsibilities and is licensed by FSSAI, further demonstrating its commitment to food safety and quality standards.

Moderate working capital cycle of the company

Prior to demerger, PNPPL's working capital cycle remained typically ranging from ~60 to 70 days. However, post demerger, the cycle has remained at 45 days in FY24 under Prayagh. Considering the company deals with perishable confectionery items, it maintains inventory for ~30 to 40 days throughout the year. Consequently, the inventory period has remained at ~29-30 days while the company's credit period has seen significant improvement, decreasing from 24 in FY24.

Liquidity: Adequate

The current ratio remained below unity, standing at 0.81x as on March 31, 2024. The company's gross cash accruals (GCA) levels stood healthy at ₹30.83 crore in FY24 (estimated ₹25.32 crore). There was a free cash balance of ₹2.64 crore as on March 31, 2024, and the net cash flow from operations remained positive and healthy -. The company primarily relied on working capital limits to fulfil its working capital requirements. The average fund-based limit utilisation in the last 12 months ending December 2024 remained at 94%.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Packaged foods

The Hyderabad bench of NCLT through its order dated March 7,2024, has approved the scheme of demerger of Confectionery & Cake division of Prayagh Nutri Products Private Limited (Demerged Company) to Prayagh Consumer Care Private Limited (Resulting Company) effective from April 01, 2023. According to the order, all assets and liabilities of the demerged undertaking have been transferred to the resulting co. i.e. Prayagh Consumer Care Pvt. Ltd. Prayagh Consumer Products Private Limited (Prayagh) was incorporated on March 20, 2023, by Preetam Bhawandas Lalwani and his son, Vinod Preetam Lalwani. The company manufactures hard-boiled sugar candies and confectionery ranging from flavoured candies, including centre-filled sweets to milk-based lacto bonbons, eclairs, chocolate-coated wafers, and moulded chocolates with brands 'Cintu' and 'Lavian', which are popular in Maharashtra, Telangana, and Karnataka. Currently, Prayagh has three units in Telangana. Unit-1 is in Gaganpahad, Hyderabad, and Unit-2 and Unit-3 are in Chattanpally, Shadnagar. Prayagh has a current installed production capacity of 78,000 metric tonne (MT) per annum.

Brief Financials (₹ crore)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	834.60	663.14
PBILDT	43.43	26.04
PAT	11.32	N.A.
Overall gearing (times)	0.84	N.A.
Interest coverage (times)	4.18	N.A.

A: Audited UA: Unaudited; N.A.: Not available Note: these are latest available financial results.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-06-2029	56.50	CARE BBB+; Stable
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	125.00	CARE BBB+; Stable / CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	125.00	CARE BBB+; Stable / CARE A3+	-	-	-	-
2	Fund-based - LT-Term Loan	LT	56.50	CARE BBB+; Stable	-	-	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Attribute ID	

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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