

NOVEMBER 30, 2016

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF PRINCE PIPES & FITTINGS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	308.35 (enhanced from Rs.268.05 crore)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	180.00 (enhanced from Rs.142 crore)	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
Total Facilities	488.35 (Rs. Four hundred eighty eight crore and thirty five lakhs only)		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Prince Pipes & Fittings Private Limited (PPF) take into account growth in scale of operations and improved profitability during FY16 & H1FY17 thereby resulting in enhanced overall debt protection metrics.

The ratings continue to derive strength from experienced promoters, qualified and experienced management personnel, strong brand presence through wide distribution network and various accreditations availed by the company.

The rating strengths are, however, tempered by moderate financial risk profile characterized by moderate gearing levels, higher utilization of working capital related bank limits, corporate guarantee extended to group company, volatile raw material prices, foreign exchange currency risk arising out of unhedged currency and competitive environment in PVC segment.

PPF's ability to successfully complete the expansion plan with better asset utilization along with further improvement in the overall liquidity with lower utilization of bank limits are the key rating sensitivities.

Background

Prince Pipes & Fittings Pvt. Ltd. (PPF) is promoted by Chheda family who has experience of manufacturing Polyvinyl chloride (PVC) pipes & fittings for more than three decades. The company has manufacturing facilities located at Athal, Dadra, Haridwar, Kolhapur & Chennai which are ISO 9001:2008 certified, with total installed capacity of around 1.73 lakh tonnes per annum (TPA) as on September 30, 2016. The installed capacity varies with change in size, mould change, pressure requirements. The company has well-structured manufacturing framework with zero defect manufacturing process by adopting techniques such as Kaizen, JIT and TQM thereby ensuring compliance and quality.

PPF supplies PVC pipes & fittings to large industrial clients under the brand name of 'PRINCE' and 'Trubore'. The pipes are used for varied applications in the field of agriculture & irrigation, sewage, construction & infrastructure, water supply &

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

sanitation. PPF has its distribution network across India with around 70% of the sales emanating from western & southern India and balance from rest of India.

During FY16 (refers to the period April 01 to March 31); PPF posted total operating income of Rs.1011.34 crore (vis-à-vis Rs.959.11 crore in FY15) and PAT of Rs.31.12 crore (vis-à-vis Rs.17.16 crore in FY15). Further the company has posted total operating income of Rs.579.03 crore and PBT of Rs.42.80 crore in H1FY17.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors.

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