

December 24, 2015

CARE ASSIGNS 'CARE BBB & CARE A3' RATINGS TO THE BANK FACILITIES OF PRINCE PIPES & FITTINGS PVT. LTD.

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	268.05	CARE BBB (Triple B)	Assigned
Short term Bank Facilities	142.00	CARE A3 (A Three)	Assigned
Total Facilities	410.05 (Rs. Four hundred ten crore and five lakhs only)		

Rating Rationale

The rating assigned to the bank facilities of Prince Pipes & Fittings Private Limited (PPF) derives 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 also takes into account improvement in the overall capital structure during FY15.

The rating strengths are, however, tempered by moderate financial risk profile characterized by lower profitability margins and moderate debt coverage indicators, susceptibility of volatile raw material prices to profitability, foreign exchange currency risk and competitive environment.

PPF's ability to improve the overall liquidity profile, along with scaling up the operations, while maintaining the profitability margins is the key rating sensitivities.

Background

Prince Pipes & Fittings Pvt. Ltd. (PPF) is promoted by Chheda family who has more than three decade of experience in manufacturing Polyvinyl chloride (PVC) pipes and fittings. The company has manufacturing facilities located at Athal, Dadra, Haridwar, Kolhapur & Chennai which is ISO 9001:2008 certified, with total production capacity of around 1.40 lakh tonnes per annum (TPA). 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 Kazen, JIT and TQM thereby ensuring compliance and quality. PPF is awarded with 'Bloomberg EPC World-2010' for outstanding quality contribution in Pipe Sector. PPF has wide product portfolio thereby supplying PVC pipes to large industrial clients within a wide distribution network across Pan India, under the brand name of 'PRINCE'. The pipes are used for varied applications in the field of agriculture & irrigation, sewage, construction & infrastructure, water supply & sanitation.

During FY15 (refers to the period April 01 to March 31); PPF posted total operating income of Rs.959.11 crore (vis-à-vis Rs.1011.32 crore in FY14) and PAT of Rs.17.16 crore (vis-à-vis Rs.32.99 crore in FY14). Further the company has posted total operating income of Rs.475.71 crore and PBT of Rs.24.39 crore in H1FY16.

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

Analyst Contact

Name: Mr. Divyesh Shah

Tel: 022 – 67543441

Cell: +91-9890934167

Email: divyesh.shah@careratings.com

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

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