

Press Release

Prince Multiplast Private Limited

January 17, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs. 29.50 crore
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE B** (**read as ACUITE B**) and short term rating of '**ACUITE A4** (**read as ACUITE A four**) to the above mentioned bank facilities of Rs.29.50 crores for Prince Multiplast Private Limited (PMPL). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating and on account of request received from the company and NOC received from the banker.

PMPL and Prince Containers Private Limited (PCPL), part of the Prince Group were incorporated in 1997 and 1999, respectively. PMPL was promoted by Mr. Manish Mulchand Chheda, Mr. Arvind Shamji Chheda, Mr. Mulchand Shamji Chheda and others. The Daman-based company has 41.67 percent stake in PCPL as on 31 March, 2019. PMPL took over the business of PCPL from 1 July, 2017 to bring all businesses under a single entity. Going ahead, PCPL may enter into trading of polymers as opportunities come up. PMPL has capacity of 10000 MT per year. Prince Containers Private Limited (PCPL), incorporated in 1999, was promoted by the aforementioned promoters and is engaged in the manufacturing of blow moulded plastic containers.

Analytical Approach

Acuité has consolidated the business and financial risk profiles of Prince Multiplast Private Limited (PMPL) and Prince Containers Private Limited (PCPL) together referred to as the 'Prince Group'. The consolidation is in view of the common management, strong operational and financial linkages between the entities and common brand name 'Prince'

Key Rating Drivers

Strengths

- **Established track record and experienced management**

PMPL was incorporated in 1997 and PCPL in 1999 by Mr. Mulchand Shamji Chheda, Mr. Arvind Shamji Chheda and Mr. Sunder Mulchand Chheda. The promoters have extensive experience in the plastic moulding industry.

Weaknesses

- **Below average financial risk profile**

The financial risk profile is moderate marked by modest net worth and low gearing. The net worth of the company is modest at around Rs. 21.46 crore as on 31 March, 2019 as against Rs. 29.02 crore as on 31 March, 2018. The deterioration in net worth is on account of decrease in revenue and profitability, leading to reduced accretion to reserves. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.20 times as on 31 March, 2019 as against 1.84 times as on 31 March, 2018. Interest Coverage Ratio (ICR) remained low at 0.60 times in FY2019 and 0.18 times in FY2018; this is on account of negative EBITDA of the group. Net Cash Accruals/Total Debt (NCA/TD) stood at negative 0.06 times as on 31 March, 2019 as against negative 0.08 times as on 31 March, 2018. Debt Service Coverage Ratio (DSCR) stood at 0.25 times for FY2019 as against 0.23 times in FY2018.

• **Moderate scale of operations marked by uneven revenue trend**

Despite being in operations since 1997, the Prince Group has moderate scale of operations marked by revenue of Rs. 63.31 crore in FY2019, Rs. 54.64 crore in FY2018 and Rs. 62.31 crore in FY2017. Further, the revenues are expected to improve in the near to medium term on account of increase in utilisation levels (current manufacturing facility) and additional revenue from pharmacy container packaging unit.

• **Competitive and fragmented industry**

The Prince Group operates in a highly fragmented plastic molding industry with limited entry barriers wherein the presence of a large number of players in the unorganized sector limits the bargaining power with customers.

Liquidity Position: Adequate

The company has adequate liquidity marked by current ratio of 1.23 times as on March 31, 2019. The company has working capital intensive operations marked by high GCA days of 206 days for FY2019 against 217 days in FY2018. The company maintains unencumbered cash and bank balances of Rs. 0.27 crore as on 31 March, 2019.

Material Covenants

None

Rating Sensitivities

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	63.31	54.64
PAT	Rs. Cr.	(3.72)	(3.83)
PAT Margin	(%)	(5.87)	(1.90)
Total Debt/Tangible Net Worth	Times	1.48	1.03
PBDIT/Interest	Times	0.60	0.18

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Application of Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>
- Consolidation Of Companies : <https://www.acuite.in/view-rating-criteria-22.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Dec-2018	Proposed Long Term Bank Facility	Long Term	7.50	ACUITE B/ Stable (Downgraded)
	Cash Credit	Long Term	6.00	ACUITE B/ Stable (Downgraded)

24-Nov-2017	Long Term Loan	Short Term	1.50	ACUITE B/ Stable (Downgraded)
	Letter of Credit	Short Term	14.50	ACUITE A4 (Downgraded)
	Proposed Cash Credit	Long Term	10.00	ACUITE BB- / Stable (Assigned)
	Proposed Long Term Loan	Long Term	5.00	ACUITE BB- / Stable (Assigned)
	Proposed Letter of Credit	Short Term	14.50	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE B (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE B (Withdrawn)
Long Term Loan	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE B (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	14.50	ACUITE A4 (Withdrawn)

Contacts

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About Acuité Ratings & Research:

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