



Press Release

PWDS Extrusions Private Limited (Formerly Prominance Window Systems)

07 December 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action
1.	Long Term Bank Facilities- Term Loan	4.50	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	Reaffirmed/ Assigned
2.	Long Term Bank Facilities – Fund Based	23.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)	Reaffirmed
3.	Short Term Bank Facilities- Non-Fund Based	12.00	IVR A4+ (IVR A Four Plus)	IVR A4+ (IVR A Four Plus)	Reaffirmed
	Total	39.50 (Rs. Thirty-Nine Crore & Fifty Lakhs)			

Details of Facilities are in Annexure 1

Detailed Rationale



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The ratings assigned to the bank facilities of **PWDS Extrusions Private Limited (Formerly Prominence Window Systems)** have been revised due to submission of required data and other formalities by the client and enhancement of term loan amount from Rs 2.50 crs to Rs4.50 crores. The company continues to derive comfort from extensive experience of the promoters, improvement in scale of operations during the pandemic and change in the constitution of the company. These factors are offset by susceptibility to working capital intensive operations, moderate capital structure and competition in the industry.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Sustenance in the capital structure and debt protection metrics

Downward Factors

- Significant decline in revenue and/or profitability on a sustained basis impacting the overall financial risk profile on a sustained basis
- Moderation in the capital structure with overall gearing at over 2.5x
- Any material stretches in working capital cycle weakening the liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced partners with strong technical capabilities**

Mr. Thangavelu, who is the director in PWDSEPL is also one of the founder directors of Agni Steels Pvt Ltd which manufactures TMT bars, sponge iron and billets. Mr. Thangavelu is a director in Zigma Global Environ Solutions P Ltd which is engaged in bio mining of municipal wastes and is a market leader in India. PWDSEPL gets benefits from its strong technical capabilities of directors which have been present in the uPVC or similar industry for more than a decade. The rich experience of the directors has helped the company in building strong relationships with its suppliers and customers.

- **Favorable demand scenario of uPVC profiles and windows:**

Over the next 10-15 years, the share of uPVC is expected to grow over 30% in both new and replacement sales, majorly fueled by the large, high rise apartment projects in urban cities.



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While uPVC windows and door systems are already established in the rest of the world, they are still gaining a foothold in the Indian market and are a new product in India, awareness on uPVC windows/doors and its energy conservation has increased its acceptance in the real estate sector.

- **Change in constitution of the company**

The promoters have changed the constitution of the entity from a partnership firm to a private limited company on 3rd August 2021. This will help in better management as well as organizational structure. The whole business has been taken over by the company.

Key Rating Weaknesses

- **Short track record of operation**

The company commenced its operations from 2018 and thereby having a short track record of operations.

- **Small scale of operation**

Its scale of operations continued to remain small with total operating income in the range of Rs.45 crore - Rs.70 crore during last three years (FY19-FY21). Total capital employed was also low at ~Rs.39 crore as on March 31, 2021. Relatively smaller scale of operation restricts the financial flexibility of PWDSEPL and hinders the benefits of economies of scale.

- **Sensitivity of profits to raw material price fluctuation and intense competition**

PWDSEPL faces stiff competition from both new and existing foreign and domestic players in the uPVC profile and windows and doors segment. Further, the company's profits are vulnerable to any increase in the raw material costs as witnessed in past given its limited ability to pass on the same to its customers, considering its low bargaining power in a competitive operating spectrum.

- **Moderate capital structure**

Leverage ratios remained moderate and improved over the past three financial years, particularly in FY21 wherein the same recorded a significant improvement driven by healthy accretion of profit and repayment of term loans. Debt equity stood comfortable at 0.45 times as on March 31, 2021, as compared to 1.52 times as on March 31, 2018. The overall gearing ratio stood moderate at 1.67x as on March 31, 2021, mainly due to its high reliance on bank borrowings. However, total indebtedness of the company as reflected by TOL/TNW remained high at 2.90x as on March 31, 2021. Going forward, Infomerics believes the financial risk



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profile will continue to remain moderate due to its working capital-intensive nature of operation with high dependence on working capital borrowings.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

PWDSEPL had a GCA of Rs. 3.42 crore in FY21 as against its repayment obligation of Rs. 2.58 crore. The company has a Current Ratio of 1.27x as of March 31, 2021. Going forward, the GCA is expected to be in the range of Rs. 12-20 crore and repayment obligations in the range of Rs. 1.5-3.00 crore. Liquidity is expected to remain Adequate.

About the Company

PWDS Extrusions Private Limited (Formerly known as Prominence Window Systems) was established as a partnership firm by Mr. Thangavelu along with his relatives. The company is engaged in manufacturing of window systems at its 5400 metric ton per annum facility in Coimbatore, Tamil Nadu). In 2008, company started 1st Fabrication line with 14 employees and the capacity of 2400 windows/annum. In the year 2012, the company expanded 2nd line in fab shop with employee's strength increased to 60 and capacity increased to 21000 windows / annum. From 2016 onwards, the company started Extrusion facility with 100 employees, 33 fabricators with a capacity of 6000 windows / annum and 960 MT profiles / annum and covered 19 states. In 2018, it started in-house lamination facility with employee's increased to 120, 74 fabricators with a capacity of 10800 windows / annum and 2400 MT profiles / annum and covered 24 states. Within a short span of operation. The company has become one of the largest window manufacturers in South India by 2011. PWDSEPL sells energy efficient uPVC Windows & uPVC Doors used by real estate firms globally. It has wide range of uPVC Window & Door available with colored texture options including wood finish. PWDSEPL has established their Presence in 26 states in India and started exporting to 7 countries including (Nepal, Sri Lanka, Australia, SA etc.) from FY 19 onwards.

Financials (Standalone):

(Rs. crore)



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For the year ended*	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	63.94	70.89
EBITDA	7.03	7.12
PAT	3.86	2.30
Total Debt	23.22	24.30
Adjusted Tangible Net worth	19.21	19.87
EBITDA Margin (%)	11.00	10.04
PAT Margin (%)	6.02	3.23
Overall Gearing Ratio (x)	0.94	0.96

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2021-2022)					Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating (December 06, 2021)	Rating (November 30, 2021)	Rating (May 28, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20 (05 March 2020)	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit	Long Term	23.00	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB and Issuer Not Cooperating	-	IVR BB+/Stable	-
2	Term Loan	Long Term	4.50	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB+/Positive (IVR Double B Plus with Positive Outlook)	IVR BB and Issuer Not Cooperating	-	IVR BB+/Stable	-
4.	LC	Short Term	12.00	IVR A4+	IVR A4+	IVR A4(INC)	-	IVR A4+	-



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				(IVR A Four Plus)	(IVR A Four Plus)				
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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it based on complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches 4 in major cities and representatives in several locations. For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan	-	-	-	4.50	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)
Short Term Non-Fund- LC/ BG	-	-	-	12.00	IVR A4+ (IVR A Four Plus)
Long Term Fund Based Bank Facilities- Cash Credit	-	-	-	23.00	IVR BB+/ Positive (IVR Double B Plus with Positive Outlook)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-pwds-dec21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Term Loan	Simple
3.	LC/ BG	Simple

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.