

Press Release

Progression Infonet Private Limited (PIPL)

March 25, 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 10.50 Cr
Long Term Rating	SMERA BBB-/Stable (Reaffirmed)
Short Term Rating	SMERA A3 (Reaffirmed)

**Refer Annexure for details*

Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA BBB- (read as SMERA triple B minus)**' and short-term rating of '**SMERA A3 (read as SMERA A three)**' on the above mentioned bank facilities of Progression Infonet Private Limited (PIPL). The outlook continues to be '**Stable**'.

PIPL incorporated in 1995 is a Delhi-based company promoted by Mr. J B Hooda and Mr. Rohit Luthra. The company provides IT infrastructure solutions, cloud services and system integrated services.

List of key rating drivers and their detailed description:

Strengths:

Experienced management and long track record of operations: PIPL, incorporated in 1995 provides IT infrastructure solutions, cloud services and system integrated services. The promoters possess two decades of experience in the IT services industry.

Healthy financial risk profile: The healthy financial risk profile is marked by comfortable gearing ratio of 0.80 percent in FY2016 as compared to 0.31 per cent in FY2015. The interest coverage of the company stood healthy at 3.02 times in FY2016 as compared to 3.22 times in FY2015. The operating margin declined to 5.73 per cent in FY2016 as against 7.49 per cent in FY2015. The net profitability margin is low and declined marginally to 0.55 percent in FY2016 as compared to 0.62 per cent in FY2015. The working capital cycle is marked by comfortable GCA days of 136 in FY2016 as compared to 128 in FY2015.

Weaknesses:

Modest scale of operation: The modest scale of operations is marked by operating revenue of Rs.55.48 cr in FY2016 as compared to Rs.48.10 cr in FY2015.

Intense competition: The company operates in a highly fragmented industry with limited entry barriers wherein the presence of large number of players in the unorganised sector limits the bargaining power with customers.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Services Entities - <https://www.smera.in/criteria-services.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

Outlook: Stable

The outlook of the company remains stable on the back of the experienced promoters and long track record of operations. The outlook may be revised to 'Positive' in case of higher than expected revenues and improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in revenues, profitability or higher than expected debt funded capex.

About the Rated Entity

PIPL, incorporated in 1995 is a Delhi-based company promoted by Mr. J B Hooda and Mr. Rohit Luthra. The company provides IT infrastructure solutions, cloud services and system integrated services.

For FY2015-16, the company reported PAT of Rs.0.31 cr on operating income of Rs.55.48 cr as compared with PAT of Rs.0.30 cr on operating income of Rs.48.10 cr in FY2014-15. The net worth stood at Rs.7.72 cr as on March 31, 2016 against Rs.7.41 cr a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	7.00 (enhanced from Rs.6.00 crore)	SMERA BBB-/Stable (Reaffirmed)	09 Jan, 2016	SMERA BBB-/Stable (Assigned)	-	-	-	-
Term Loan	LT	2.00 (reduced from Rs.2.50 crore)	SMERA BBB-/Stable (Reaffirmed)	09 Jan, 2016	SMERA BBB-/Stable (Assigned)	-	-	-	-
Bank Guarantee	ST	1.50 (enhanced from Rs.1.00 crore)	SMERA A3 (Reaffirmed)	09 Jan, 2016	SMERA A3 (Assigned)	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	N.A	N.A	N.A	7.00 (enhanced from Rs.6.00 crore)	SMERA BBB-/Stable (Reaffirmed)
Term Loan	N.A	N.A	N.A	2.00 (reduced from Rs.2.50 crore)	SMERA BBB-/Stable (Reaffirmed)
Bank Guarantee	N.A	N.A	N.A	1.50 (enhanced from Rs.1.00 crore)	SMERA A3 (Reaffirmed)

Note on complexity levels of the rated instrument:

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

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ABOUT SMERA

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