

PRTL Enterprises Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Secured Overdraft	10.00	SMERA BBB-/Stable (Assigned)
Inland Letter of Credit	35.00	SMERA A3 (Assigned)

SMERA has assigned long term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) to the above mentioned Rs.45.00 crore bank facilities of PRTL Enterprises Limited (PRTL). The outlook is '**Stable**'.

The rating is supported by the strong parentage and benefits derived by PRTL from its association with promoters of the Future Group. These strengths are partially offset by the modest scale of operations coupled with high dependence on Future Group entities, weak profitability and working capital intensive operations.

PRTL, a Mumbai-based company, is a vendor for sourcing of fabrics for Future Retail Limited. The company procures suiting and shirting fabric for supplies to Future Retail Limited. The procurement of fabric is backed by the orders issued by Future Retail Limited.

The rating derives benefit from the strong parentage, with group entities holding 100 per cent stake in PRTL which are owned by the promoters and relatives of Future Group. The association with Future group adds to the financial flexibility of the group. The company has been receiving need based financial support from Future group entities to meet its working capital requirements. SMERA also notes that the management of the Future Group has expressed its willingness to support PRTL through an undertaking whenever required.

However, the ratings are constrained by the modest scale of operations with revenues of around Rs.71.15 crore in FY2016 (provisional) as against Rs.82.88 crore in FY2015. The company's operating profitability stands weak at 0.06 per cent in FY2016 (provisional) as against 0.33 per cent in FY2015. The operations are working capital intensive with GCA of 458 days emanating from high amount of debtors and advances given to related entities.

Rating Sensitivity Factors

- Scaling up operations and profitability
- Timely funding support from the Future Group
- Ownership pattern of the company
- Credit profile of the Future group
- Efficient working capital management

Outlook – Stable

SMERA believes that PRTL will maintain a stable outlook over the medium term owing to its association with the promoters of the Future Group. The outlook may be revised to 'Positive' if the company scales up operations while improving operating profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability and profitability or if the liquidity undergoes stress on account of elongated working capital cycle. Delays in receipt of support from promoters of the Future Group may also entail a 'Negative' outlook.

Criteria applied to arrive at the ratings:

- Trading Entities

About the Company

The Mumbai-based PRTL, incorporated in 1999, is owned by ESES Commercials Private Limited and Manz Retail Private Limited, which are ultimately owned by the promoters of Future Group. The company is promoted by Mr. Gopikishan Bansilal Biyani, and Mr. Anil Laxminarayan Biyani and is a vendor for sourcing of fabrics for Future Retail Limited.

For FY2015-16 (provisional), PRTL reported profit after tax (PAT) of Rs.0.25 crore on operating income of Rs.71.15 crore, as compared with profit after tax (PAT) of Rs.0.17 crore on operating income of Rs.82.88 crore in FY2014-15.

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ABOUT SMERA

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