

Press Release

Pragati Petro Projects LLP

May 10, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs.9.00 crore bank facilities of Pragati Petro Projects LLP. The outlook is '**Stable**'.

The Haryana-based, Pragati Petro Projects LLP (PPPL) was incorporated in September, 2016. However, the firm commenced its commercial operations from January, 2017. The firm is engaged in the trading of mobile parts, electronic components, vegetable oil and mustard oil.

Key Rating Drivers

Strengths

• Experienced management

PPPL is managed by Mr. Narendra Singh Yadav who has an experience of more than three decades in the telecom industry and Mr. Subhash Sharma who prior to being associated with PPPL had an experience of more than two decades in the commodity trading segment.

Weaknesses

• Nascent stage of operations

The firm has initiated operations in January, 2017 and posted revenue of Rs.17.20 crores for FY2017. Further, for FY2018, the firm has achieved a turnover of Rs.47.31 crore.

• Moderate working capital management

The working capital management is marked by Gross Current Asset (GCA) days of 100 in FY2018 (Provisional) and 97 in FY2017. GCA days are dominated by high receivables of 85 days in FY2018 (Provisional) compared to 86 days in FY2017. Being into trading, the firm does not maintain any inventory in its books. The utilization of bank facilities stood at 93 percent for March, 2018.

Analytical Approach:

SMERA has considered the standalone business and financial risk profiles of PPPL to arrive at the rating.

Outlook: Stable

SMERA believes that PPPL will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the firm registers substantial and sustainable growth in revenues profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of steep decline in revenues and profitability or deterioration in the financial risk profile or further elongation of working capital cycle

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	17.20	N.A	N.A
EBITDA	Rs. Cr.	0.00	N.A	N.A
PAT	Rs. Cr.	0.00	N.A	N.A
EBITDA Margin	(%)	0.00	N.A	N.A
PAT Margin	(%)	0.00	N.A	N.A
ROCE	(%)	0.06	N.A	N.A
Total Debt/Tangible Net Worth	Times	0.00	N.A	N.A
PBDIT/Interest	Times	9.34	N.A	N.A
Total Debt/PBDIT	Times	0.00	N.A	N.A
Gross Current Assets (Days)	Days	389	N.A	N.A

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

None

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument:<https://www.smera.in/criteria-complexity-levels.htm>**Rating History (Upto last three years):**

Not Applicable

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA B / Stable

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ABOUT SMERA

SMERA Ratings Limited

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