

Press Release

Pragati Glass Private Limited

June 27, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 24.34 Cr.
Long Term Rating	ACUITE D
Short Term Rating	ACUITE D

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE D**' (**read as ACUITE D**) and short term rating of '**ACUITE D**' (**read as ACUITE D**) on the Rs. 24.34 crore bank facilities of Pragati Glass Private Limited.

Pragati Glass Private Limited (PGPL) was incorporated in 1981 by Mr. Dinesh Kumar Gupta, Mr. Rajesh Shah and Mr. Ashish Gupta. The Gujrat-based company is engaged in manufacture of glass bottles and tableware. PGPL caters to the cosmetic and perfume industry.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

PGPL promoters have more than three decades of experience in the aforementioned business. This has helped the company in building healthy relations with customers and suppliers.

- **Above average financial risk profile**

PGPL has above average financial risk profile marked by net worth of Rs.73.78 crore as on 31 March, 2017 against Rs.68.90 crore as on 31 March, 2016. The gearing (debt-to-equity) stood at 0.41 times as on 31 March, 2017 against 0.43 times as on 31 March, 2016. Total debt of Rs.30.11 crore mainly comprises of long term debt of Rs.5.62 crore, working capital borrowings of Rs.17.39 crore and unsecured loans from directors and relatives of Rs. 7.10 crore as on 31 March 2017. Interest Coverage Ratio (ICR) stood at 4.26 times for FY2017 against 3.90 times for FY2016. NCA/ TD stood at 0.31 times for FY2017 against 0.29 times for FY2016.

Weaknesses

- **Ongoing delays in repaying debt obligation**

The company's banking account conduct is irregular. There are ongoing delays of more than 60 days in repayment of interest charged under cash credit account in the last 3 month.

- **Working capital intensive nature of operations**

PGPL has Gross Current Assets (GCA) of 225 days for FY2017 against 226 days for FY2016. This is mainly on account of debtor days of 111 and inventory days of 77 for FY2017. However, the company managed its liquidity through support received by suppliers marked by creditor days of 174 for FY2017 against 79 days for FY2016. Further, average utilisation of cash credit stood at ~100.00 percent.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Pragati Glass Private Limited to arrive at the rating.

Outlook:

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	122.86	126.29	141.87
EBITDA	Rs. Cr.	16.23	17.91	14.57

PAT	Rs. Cr.	4.88	3.52	3.51
EBITDA Margin	(%)	13.21	14.18	10.27
PAT Margin	(%)	3.97	2.79	2.47
ROCE	(%)	9.61	8.59	17.72
Total Debt/Tangible Net Worth	Times	0.41	0.43	0.54
PBDIT/Interest	Times	4.26	3.90	2.63
Total Debt/PBDIT	Times	2.02	2.07	2.40
Gross Current Assets (Days)	Days	225	226	195

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	17.50	ACUITE D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE D
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE D
Proposed	Not Applicable	Not Applicable	Not Applicable	2.84	ACUITE D

Contacts

Analytical	Rating Desk
Suman Chowdhury President - Rating Operations Tel: 022-67141107 suman.chowdhury@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Disha Parmar Analyst - Rating Operations Tel: 022-67141120	

disha.parmar@acuiteratings.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.