



Press Release

Pragati Transmission Private Limited

August 18, 2021

Rating Withdrawn

Total Bank Facilities Rated*	Rs. 14.00 crore
Long Term Rating	ACUITE B+ (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE B+** (**read as ACUITE B plus**) and the short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 14.00 crore bank facilities of Pragati Transmission Private Limited (PTPL).

The rating is being withdrawn on receipt of withdrawal request from the company and satisfaction of charges on MCA. The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating.

About the company

Bangalore based, PTPL was incorporated in the year 2006 by Mr. P.D. Kadam and Mr. Atul S Bhirangi. The company is engaged in manufacturing, supplying and exporting of precision gears used in aerospace, industrial gearboxes, power tools, and machine tools & automobiles. The company is also doing job work facilities on CNC Gear Grinder, Hob Sharpener, and CNC Gear Tester. The key raw material used by the company is High Speed Steel (HSS), which is procured from the companies like Boiler India, ERA Steel India among others.

About the company

Acuité has considered the standalone view of business and financial risk profiles of PTPL to arrive at this rating.

Key Rating Drivers

Strengths

- Experienced management and reputed clientele**

Pragati Transmission Private Limited was incorporated as a private limited company in the year 2006. The promoters of the company Mr. P.D. Kadam and Mr. Atul S Bhirangi have more than two decades of experience in the same line of business through group companies named ACE-Micromatic and Pragati Automation Pvt Ltd and these companies are present in machine tool manufacturing in India. The company has long standing relationship of more than a decade with its business partners. The company sells to reputed customers like Hindustan Aeronautics Limited, Defense Research Development Laboratory, Indian Space Research Organization, Tata Motors Ltd, Varroc Engineering Private Ltd, Flash Electronics (India) Pvt Ltd, Force Motors, VE Commercial Vehicles and etc.

- Moderate financial risk profile**

The moderate financial risk profile of the company is marked by moderate net worth, healthy gearing and healthy debt protection metrics. The net worth of the company stood moderate at Rs.24.29 crore in FY2021 (prov.), mainly on account of retention of profits. The gearing of the company stood at 1.05 times in FY2021 as compared to 1.10 times in FY2020. The interest coverage ratio (ICR) of the company

stood comfortable at 4.20 times in FY2021. The debt service coverage ratio (DSCR) of the company stood comfortable at 3.47 times in FY2021.

Weaknesses

- **Working capital intensive nature of operations**

The company has working capital intensive nature of operations as evident from GCA of 318 days for FY2021 (Prov.) as against 289 days for FY2020. The deterioration is on account of increase in inventory holding period to 109 days from 78 days in the previous year and increase in debtors' collection period to 185 days from 180 days in the previous year. Current ratio stood at 1.67 times as on March 31, 2021 (Prov.).

Rating Sensitivity

Not applicable

Material Covenants

None

Liquidity: Adequate

Net cash accruals of Rs. 5.45 Cr of FY2021 (Prov.) as against annual debt repayment of about Rs. 2 to 2.50 Cr. Cash & Bank balances of Rs. 2.47 Cr as on March 31, 2021. The company has debt-funded capex plans which might impact liquidity over the medium term.

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY21 (Prov.)	FY19 (Actual)
Operating Income	Rs. Cr.	30.62	26.01
PAT	Rs. Cr.	3.91	2.60
PAT Margin	(%)	12.76	9.99
Total Debt/Tangible Net Worth	Times	1.03	1.10
PBDIT/Interest	Times	4.20	4.99

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

Not applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Entities in Manufacturing Sector- <https://www.acuite.in/view-rating-criteria-59.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios And Adjustments- <https://www.acuite.in/view-rating-criteria-53.htm>

Rating History (Up to last three years)

Date	Name of the instrument/ facilities	Term	Amount (Rs. Cr.)	Ratings/ Outlook
27-Nov-2020	Term Loan	Long-term	9.00	ACUITE B+ (Downgraded; Issuer not-cooperating*)
	Cash Credit	Long-term	4.50	ACUITE B+ (Downgraded; Issuer not-cooperating*)
	Bank Guarantee	Short-term	0.50	ACUITE A4 (Downgraded; Issuer not-cooperating*)
18-Sep-2019	Term Loan	Long-term	9.00	ACUITE BB- (Issuer not-cooperating*)
	Cash Credit	Long-term	4.50	ACUITE BB- (Issuer not-cooperating*)
	Bank Guarantee	Short-term	0.50	ACUITE A4+ (Issuer not-cooperating*)
09-Jul-2018	Term Loan	Long-term	9.00	ACUITE BB-/ Stable (Assigned)
	Cash Credit	Long-term	4.50	ACUITE BB-/ Stable (Assigned)
	Bank Guarantee	Short-term	0.50	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Lender's Name	Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/ Outlook
Union Bank of India	Term Loan	Not available	Not available	Not available	9.00	ACUITE B+ (Withdrawn)
Union Bank of India	Cash Credit	Not applicable	Not applicable	Not applicable	4.50	ACUITE B+ (Withdrawn)
Union Bank of India	Bank Guarantee	Not applicable	Not applicable	Not applicable	0.50	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research 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 8,383 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.

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