



## Pragati Glass Private Limited <sup>Revised</sup>

Instrument	Amount	Rating Action Outstanding
Long-term loans	14.56 (reduced from 20.80)	[ICRA]D reaffirmed
Long-term, fund-based facilities (Cash Credit)	17.50	[ICRA]D reaffirmed
Short-term, non-fund based facilities	4.00	[ICRA]D reaffirmed

Source: ICRA

ICRA has reaffirmed the [ICRA]D (pronounced ICRA D) rating to the Rs. 14.56 (reduced from Rs. 20.80 crore<sup>\*</sup>) term loans and Rs. 17.5 crore long term cash credit facilities of Pragati Glass Private Limited (Pragati Glass or the "company")<sup>†</sup>. ICRA has also reaffirmed its [ICRA]D rating to the Rs. 4.0 crore non-fund based facilities of Pragati<sup>†</sup>.

The rating reflects continued delays in debt servicing by the company. The company's liquidity profile has been impacted on account of stretched receivables position, large repayment obligations and inadequate working capital limits. The revamping of the second furnace in May, 2012 has enabled the company post higher turnover during FY 2013 and the company is expected to witness around 30% growth in FY 2014 too. However, increasing working capital requirements and past debt-funded capital expenditure continues to have an impact on its liquidity position. The receivable days remain stretched at around 120 days with more than six months debtors around Rs. 9.2 crore as on March 31, 2013.

ICRA however notes long experience of the promoters' in the glass packaging industry, especially in the cosmetics and perfumes segment. Profitability is relatively better in the value-added cosmetics and perfumery segment than the other segments in the glass packaging industry.

### Company Profile

Pragati Glass Private Limited (Pragati), incorporated in, 1982, is involved in the manufacturing of glass tableware and bottles, promoted by Mr. Dinesh Gupta. Pragati caters primarily to the cosmetics and perfumes industry with small presence in foods & beverages industry. Almost 60% of the company's sales are to the exports market and balance is in the domestic market; Around 15-20% of its exports sales are deemed exports to SEZs. Pragati has its manufacturing facility located at Kosamba, Gujarat. In May 2011, Pragati replaced its old furnace with the 60 tonnes per day (tpd) furnace replaced by a 90 tpd capacity furnace. The company also revamped its 70 tpd furnace and replaced it by a 110 tpd furnace in May, 2012. Hence total capacity increased to approximately 200 tpd from May, 2012 compared to the 130 tpd in March, 2011.

Pragati has a subsidiary in Oman, Pragati Glass Gulf LLC set up in April 2009, where it has a 55% stake with 15% held by another Indian partner and balance being held by a local partner. It was set up to take advantage of the lower input cost, mainly gas, a primary input for manufacturing. The company is mainly into the mass food & beverages segment and also caters partly (30%) to the cosmetics and perfumes industry.

### Recent results:

As per audited FY 2013 numbers, Pragati Glass reported a profit after tax (PAT) of Rs. 3.6 crore over an operating income of Rs. 111.0 crore.

**March, 2014**

<sup>\*</sup> Rs. 100 lakh = Rs. 1 crore = Rs. 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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