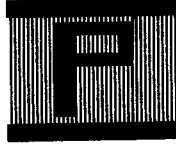


26<sup>th</sup> August, 2016



**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001  
BSE Scrip Code: 532718

**National Stock Exchange of India Ltd.**  
Exchange Plaza, C/1, Block G,  
Bandra - Kurla Complex, Bandra (East),  
Mumbai 400 051  
NSE Code: PRATIBHA

Dear Sirs,

**Sub.: Disclosure of information as per Regulation 30 of the SEBI (LODR) Regulations, 2015**

This is to inform you that Credit Analysis & Research Ltd (CARE) has downgraded the ratings as follows:

Facilities	Rating	Remarks
Long term Bank facilities	CARE B (Single B) and suspended	Revised from CARE BBB (Triple B) and suspended
Short term Bank facilities	CARE A4 (A Four) and suspended	Revised from CARE A3 (A Three) and suspended

The copy of the brief rationale of rating as provided by the CARE is enclosed hereto.

Kindly take the above on your records.

Thanking You,

Yours faithfully,  
For Pratibha Industries Limited

**Rajesh Hegde**  
Company Secretary

Encl: A/a

**Pratibha Industries Limited**

CIN : L45200MH1995PLC090760

Head Office: Universal Majestic, 14th & 13th Floor, Off. Eastern Express Highway, P. L. Lokhande Marg, Ghatkopar Mankhurd Link Road, Behind RBK International School, Govandi (W), Mumbai-400 043. Maharashtra-India

Regd. Office : Shrikant Chambers, Phase II, 5th Floor, Next to R K Studio, Sion Trombay Road, Chembur, Mumbai - 400 071, Maharashtra - India

Tel. : +91 22 3955 9999

Fax : +91 22 3955 9900

Email : info@pratibhagroup.com

URL : www.pratibhagroup.com

## Annexure-II

### Brief Rationale

### CARE revises and suspends the ratings assigned to the Bank Facilities of Pratibha Industries Limited

#### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>3</sup>	Remarks
Long term Bank Facilities	-	CARE B [Single B] and Suspended	Revised from CARE BBB [Triple B] and suspended
Short term Bank Facilities	-	CARE A4 [A Four] and Suspended	Revised from CARE A3 [A Three] and suspended
Total	-		

#### Rating Rationale

The revision in the ratings assigned to the bank facilities of Pratibha Industries Limited (PIL) takes into account the apparent deterioration in the financial/liquidity profile of the company, as observed by CARE, from the published FY16 (refers to period April 1, 2015 to March 31, 2016) financial results, characterized by increase in trade payables at the end of FY16 along-with inordinate increase in the inventory level as on March 31, 2016 owing to slowing moving projects. Furthermore, the expected measures to be undertaken by the company to improve the capital structure and liquidity stress in terms of infusion of equity/monetization of non-core assets do not seem to have materialised during the year. As such, the leverage position of the company has continued to remain elevated in FY16, contrary to our expectation.

CARE had sought operational and financial details from the company post April 2016. However, despite regular follow-ups, the required details and clarifications on issues like; i) movement in the on-going projects and order book position of the company, especially status on slow-moving projects; ii) details of outstanding

<sup>3</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

receivables and inventory levels and iii) servicing of debt, were not furnished to CARE. In the absence of the aforementioned information required by CARE for monitoring of the ratings, CARE is unable to assess and provide analytical opinion on factual position of the company and consequent impact on the credit profile. Consequently, CARE has suspended, with immediate effect, the ratings assigned to the bank facilities of PIL.

#### **Background**

Pratibha Industries Limited (PIL) was established in 1982 as a partnership firm by Mr. Ajit B. Kulkarni and his associates. The company is involved in the design, engineering, and execution/construction of various projects comprising complex and integrated water transmission and distribution projects, water treatment plants, elevated and underground reservoirs, mass housing projects, commercial complexes, pre-cast design and construction, passenger water transportation, multilevel car parking, airports, railway stations and retail infrastructure.

As per the abridged financials, total consolidated operating income of the company increased by 38% on Y-o-Y basis in FY16 to Rs. 4,385 crore. However, due to more than proportionate rise in raw materials cost during the year, PBILDT margin declined on YoY basis to 11.10% during FY16 from 14.39% in FY15. Furthermore, higher interest outgo and tax expenses resulted in PAT margins declining to 0.69% in FY16 from 1.39% in FY15.

As on March 31, 2016 total inventory (including unbilled work in progress) increased to Rs. 3,360 crore (77% of consolidated FY16 net sales) from Rs. 2,375 crore as on March 31, 2015, which led to a steep incline in trade payables to Rs. 2,353 crore as on March 31, 2016 from Rs. 1,488 crore as on March 31, 2015, indicating liquidity pressure.

#### **Analyst Contact**

Name: Ms. Smita Rajpurkar

Tel: 022-6754 3458

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

#### **Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however,

CREDIT ANALYSIS & RESEARCH LTD.

Page 8 of 9

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CIN-L67190MH1993PLC071691

guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

*Handwritten mark*

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Page 9 of 9

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