

## Rating Rationale

### Brickwork Ratings, on a review, Reaffirms 'BWR BB' rating for Long-term and 'BWR A4+' for Short Term Bank Loan Facilities of Paratech Constructions Pvt Ltd

Brickwork Ratings, on a review reaffirms the following **Ratings**<sup>1</sup> for Bank Loan Facilities of Paratech Constructions Pvt Ltd. ('PCPL' or 'The Company')

Facilities	Previous Limits in ₹. Cr	Present Limits in ₹. Cr	Tenure	Previous Rating	Review Rating
<b>Fund Based</b>					
Cash Credit	7.50	7.50	<b>Long Term</b>	BWR BB (BWR Double B) Outlook: Stable	<b>BWR BB</b> (BWR Double B) Outlook: Stable <b>(Reaffirmation)</b>
<b>Non-Fund Based</b>					
Bank Guarantee	4.00	4.00	<b>Short Term</b>	BWR A4+ (BWR A Four Plus)	<b>BWR A4+</b> (BWR A Four Plus) <b>(Reaffirmation)</b>
<b>Total</b>	<b>11.50</b>	<b>11.50</b>	<b>INR Eleven Crores Fifty lakhs Only</b>		

**Note:**

- The Company has availed vehicle loans from ICICI Bank & other Financial Institutions whose outstanding amount is Rs.~ 2.21 Crores and term loan from Standard Chartered whose outstanding is Rs 3.07 Crs as on 31.03.2016. These exposures are not rated by BWR

BWR has relied upon audited financials up to FY16, projected financials up to FY18 publicly available information and the information/clarifications provided by the Company.

The rating assigned continues to derive strength from promoters' vast experience in construction, comfortable order book position, improved Debt service protection metric. However, the rating is constrained by higher gearing level, stretched cash conversion cycle, reduced operating profit margin.

### Company Background

Incorporated in Sep 2006, Paratech Constructions Pvt. Ltd is into the business of civil construction contracting, and has specialized in the field of infrastructure development such as, modern road construction, rehabilitation and up-gradation of state and national highways and irrigation works, etc. The Company undertakes road construction on Sub-contract/ job work basis from private Clients and on tender based process from Government departments. The Company also has an attached fleet of about 40 transport vehicles to provide additional services for cartage of the aggregates in the states of Bihar, Punjab and Haryana. Presently, 30% of their customers are private contractors & real estate developers and the balance 70% are Government customers.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

## Management

Mr. T.S. Gill, 64 years, is the Managing Director. He holds a bachelor's degree in Civil Engineering from Punjab University. Gill has more than 37 years of experience in the infrastructure sector and has successfully handled execution of many road projects in India. He joined the Company as an Additional Director 2009 and became Managing Director. Prior to joining the Paratech Constructions, he was working as a Chief Engineer in Punjab PWD B&R Department.

## Financial Performance

As per audited results of FY16, Company has reported PAT of ₹ 0.42 Crores on net sales of ₹ 33.06 Crores as compared to PAT of ₹ 0.30 Crores on net sales of ₹ 31.25 Crores in FY15. The net profit margin and Operating profit margin stood at 1.28% and 10.24% respectively in FY16. The tangible net worth of the Company has increased from ₹ 5.50 Crores in FY15 to ₹ 5.93 Crores in FY16 due to retained profits. Coverage ratios are reported from ISCR 1.57 & DSCR 1.07 in FY 16

## Rating Outlook

The Outlook of the company is expected to be stable over the next one year. Going forward, the ability of the company to increase its scale of operations by successfully executing the orders and bidding for new projects, realize receivables on time, timely completion of projects and manage working capital efficiently will be key rating sensitivities.

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