Rating Rationale

Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities aggregating ₹ 9.50 Cr of Piyush Smart Traders & Developers Pvt. Ltd. (earlier known as Piyush Developers Pvt. Ltd.)

Brickwork Ratings has assigned the following **Rating**[1] for Bank Loan Facilities of Piyush Smart Traders & Developers Pvt. Ltd. **(PSTDPL or the 'Company')**

Facility	Limits	Amount To Be Rated	Tenure	Rating
Cash Credit	9.50	9.50	Long Term	BB (Pronounced BWR Double B) Outlook: Stable

BWR has essentially relied upon audited financial results upto FY15, projections for FY16 and publicly available information and information provided by the management.

The rating draws strength from the promoters' experience in construction industry, coupled with financial support from promoters and other entities of Piyush Group, modest leverage and future revenue visibility supported by modest order book position. However, the ratings are constrained by low profitability margins, competition from both organized and unorganized players of the industry and weak demand in industry.

Background:

Piyush Smart Traders & Developers Pvt Ltd (PSTDPL) earlier known as Piyush Developers Pvt Ltd, was incorporated on the 9th April 2005, as a private limited company and has its registered office at New Delhi. PSTDPL commenced its business by undertaking taking contracts for construction. PSTDPL is engaged in construction of residential and commercial establishments, such as group housing colonies and commercial complexes amongst others. The company has also successfully diversified into the business of trading of building material such as steel, cement and other items.

Management:

The key management personnel of the company comprise Mr. Rajiv Sharma Director (Administration) and Mr. Manoj Kumar, Director (Project Management). They are supported by an able team of experienced personnel.

Financial Performance:

PSTDPL's net sales from operations increased from ₹57.67 Cr in FY14 to ₹76.77 Cr in FY15, resulting into increase in top line by 33%. PAT of the company is improved from ₹1.71 Cr in FY14 to ₹2.07 Cr in FY15. The company's Tangible Net Worth stood at ₹18.29 Cr in FY15.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

In FY15, gearing was 0.90 times and current ratio of 1.28 times. As informed by the management, the company has already achieved ₹51 Cr during the first half of FY16.

Rating Outlook:

Rating outlook takes into account low profit margins and high competition in industry. Going forward, increase in scale of operations, timely completion of the projects and improvement in profitability margins are the key rating sensitivities.

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