Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' rating for the Bank Loan Facilities aggregating ₹ 50 Cr of Satya Parkash & Bros Private Limited.

Brickwork Ratings (BWR) has assigned the following **Ratings**[1] for the Bank Loan Facilities of Rs.50.00 Cr to Satya Parkash & Bros Private Limited **(Satya).**

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit (Fund based) **Bank Guarantee** (Non-Fund Based)	**8.00** **37.00**	**Long Term**	**BWR BB+** (Pronounced BWR Double B Plus) **(Outlook: Stable)**
DRUL (Fund Based)	**5.00**	**Short Term**	**BWR A4+** (Pronounced BWR A Four Plus)
Total	**50.00**	**INR Fifty Crores only**	

BWR has principally relied upon the audited financial results up to FY14, provisional figures for FY15 and projections for FY16 & FY17, publicly available information and information/clarifications provided by the management.

The ratings reflect the promoter's extensive experience, established track record of operations, reputed client base, low gearing and strong debt coverage indicators.

However, the ratings are constrained by inherent risk related to tender based nature of operations, geographical concentration risk and susceptibility to raw material price volatility.

Background

Based at Delhi, Satya was incorporated in July 2001. The company is managed by the directors namely, Mr. Satya Parkash Gupta and Mr. Ghanshyam Gupta. The company is a civil contractor & engineer, mainly involved in construction and maintenance of highways etc., for various government departments such as CPWD (Central Public Works Department), state PWD (Public Works Department) and other local departments. The company has its own batch type hot mix plant, concrete plant and other machinery to manufacture ready mix concrete.

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

Financial Performance

As per the provisional results for FY15, Satya reported total revenue from operations of Rs.115.33 Cr. Operating Profit Margin and Net Profit Margin of the company were at 9.20% and 3.42% respectively. Tangible Net Worth stood at Rs.48.31 Cr.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the company's ability to increase its scale of operations, maintain profit margins and effectively manage its working capital would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com

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