

Rating Rationale

The Priyank Enterprise

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 10.50 Crores of The Priyank Enterprise.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (8 April, 2019)*	Present
Fund based	10.50	10.50	Long Term	BWR BB-Stable (Downgraded)	BWR BB-Stable (Reaffirmed)
Total	10.50	10.50	INR Ten Crores Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

*Rating Migrated to Not Reviewed Category on 9 April 2020

Ratings:Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the firm's audited statements upto FY19, provisional numbers for FY20 and publicly available information and the information/clarifications provided by the company's management.

The ratings draw strength from the partner's extensive experience in the current line of activity, moderate debt protection matrix and comfortable current ratio. However, the rating is constrained by risk of partners withdrawing capital from business, fluctuating sales with thin profit margin, high gearing level and high level of competition from organized players.

The ability of the firm to achieve the projections, to improve the profitability, to maintain its working capital efficiently and to improve its overall financial risk profile shall be the key rating sensitivity.

Description of Key Rating Drivers

Credit Strengths:

- One of the partners has extensive experience in the line of activity.
- Moderate debt protection metrics- ISCR and DSCR are moderate at 1.2x and 0.80 x in FY19
- Current ratio is 5.91x
- Moderate conversion cycle showing operating cycle of the firm.

Credit Risks:

- Partners withdrawing capital from business.
- Fluctuating sales over the past few years observed in the firm.
- Thin profit margins owing to the trading nature of business.
- Gearing is high with Total Debt/TNW at 3.00 times in FY 19 restricting financial flexibility. However gearing improves to 2.41x if USL is considered as Quasi Capital. Despite the same the gearing still remains high.
- Growing share of organised sector at the expense of the unorganised sector.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **The Priyank Enterprise** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

The Priyank Enterprise (TPE) is a partnership firm established in 1994. TPE is a supplier, trader, wholesaler, retailer of Construction Products which includes Ultratech Cement, Sail TMT EQR, Electrotherm Angles, Corrosion Resistant TMT Bars and Electro TMT plus. These products find wide application in cranes, shade of factory, railways, shipyard, ship building and industrial use. The firm is promoted and managed by Ketan H. Gandhi and Ritaben K. Gandhi.

Firm's Financial Performance: The firm has recorded a TOI of Rs 66.18 crs in FY19 and observed a decline of 12.81% as against FY18(Rs 75.91 crs). The firm has achieved a sales of Rs 65crs till March 2020. Operating margins are low at 2.92% since last 2 years.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	8, April,2019	2018	12, Dec 2017
1	Fund Based	Long Term	10.50	BWR BB-Stable (Reaffirmed)	BWR BB-Stable (Downgraded)	-	BWR BB
	Total		10.50	₹ Ten Crores Fifty Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-N.A

Key Financial Indicators

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	66.18	75.91
EBITDA	₹ Cr	1.93	2.16
PAT	₹ Cr	0.26	0.26
Tangible Net worth	₹ Cr	3.98	2.02
Total Debt/Tangible Net worth	Times	3.00	7.32
Current Ratio	Times	5.91	1.37

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**

For any other criteria obtain hyperlinks from website



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