

Parivartan Buildtech Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit - I	7.00	SMERA BB/Stable (Reaffirmed)
Cash Credit - II	1.00	SMERA BB/Stable (Assigned)
Bank Guarantee- I	7.00	SMERA A4+ (Reaffirmed)
Bank Guarantee- II	8.05	SMERA A4+ (Assigned)
Cash Credit (Proposed)	9.00 (reduced from Rs.10.00 crore)	SMERA BB/Stable (Reaffirmed)
Bank Guarantee (Proposed)	11.95 (reduced from Rs.20.00 crore)	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA BB**' (read as **SMERA double B**) on the Rs.16.00 crore long-term (fund-based) bank facilities and '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.18.95 crore short-term (non-fund based) bank facilities of Parivartan Buildtech Private Limited (PBPL). Further SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.1.00 crore long term (fund-based) bank facility and '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.8.05 crore short-term (non-fund based) bank facilities of PBPL. The outlook continues to remain '**Stable**'.

The ratings continue to draw comfort from the experienced management and established operations. The ratings also note the established relations of the company with customers and suppliers, moderate profitability profile and healthy order book. However, the ratings continue to remain constrained by the full utilisation of fund based limits and capital intensive nature of business. However, the ratings are constrained by the intense market competition and high dependence on tender-based orders from Public Welfare Department (PWD), Haryana.

Update

For FY2015-16, (refers to financial year, April 01 to March 31), PBPL registered net profit of Rs.2.34 crore on operating income of Rs.62.03 crore (Provisional) as against net profit of Rs.1.22 crore on operating income of Rs.37.49 crore in FY2014-15. The financial risk profile continues to remain moderate to healthy marked by leverage (debt-equity ratio) of 1.53 times as on March 31, 2016 against 3.89 times during the previous year and strong interest coverage ratio of 3.24 times (provisional) in FY2015-16 as compared to 3.42 times in FY2014-15 (refers to financial year, April 01 to March 31).

PBPL benefits from its experienced management. Mr. Parivartan, Director, has more than 25 years of experience in infrastructure development. The company has healthy relations with government organisations evident from the order book of Rs. ~120 crore.

However, the operations are capital intensive evident from the gross current assets (GCA) of 149 days (provisional) as on March 31, 2016, that leads to high utilisation of fund based limit. The utilisation has been around 98 per cent for 10 months ended March 2016.

The ratings also factor in the high dependence on tenders floated by state and other local development authorities such as Haryana Urban Development Authority (HUDA), Municipal Corporation of Panipat (MCP), Rajasthan and Madhya Pradesh Government. The ratings also note the intense competition from other players in the infrastructure development industry.

Outlook: Stable

SMERA believes that the outlook of PBPL will continue to remain stable over the medium term owing to its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive', if the company expands its scale of operations while registering better profit margins and achieves efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure, lengthening of working capital cycle or if the company takes on any large debt funded capital expansion.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

PBPL, established in 2013, is a Gurgaon-based civil construction company that undertakes road construction projects and pipeline work. The company lays sewage, water supply and drainage pipes for PWD, Haryana and other local development authorities.

PBPL reported profit after tax (PAT) of Rs.1.22 crore on operating income of Rs.37.49 crore for FY2014-15, as compared with PAT of Rs.0.75 crore on operating income of Rs.23.89 crore in the previous year. As per provisional financials for FY2015-16, the company reported PAT of Rs.2.34 crore on operating income of Rs.62.02 crore. The net worth stood at Rs.10.52 crore (provisional) in FY2015-16 (refer to financial year, April 01 to March 31) as against Rs.3.09 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Ratings		Outlook
			Long Term	Short Term	
30 June, 2015	Cash Credit	7.00	SMERA BB (Assigned)	-	Stable
	Cash Credit (Proposed)	10.00	SMERA BB (Assigned)	-	Stable
	Bank Guarantee	7.00	-	SMERA A4+ (Assigned)	-
	Bank Guarantee (Proposed)	20.00	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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