



Press Release
Peyush Traders
November 28, 2023
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	6.00	ACUITE C Reaffirmed	-
Bank Loan Ratings	29.00	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	35.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating to **"ACUITE C" (read as ACUITE C)** and short-term rating to **"ACUITE A4" (read as ACUITE A four)** on the Rs.35 Crore bank facilities of PEYUSH TRADERS (PT).

Rationale for the rating

The rating is reaffirmed on account of invocation of bank guarantees of PT in recent past as confirmed by its banker.

About the Company

Peyush Traders (PT), established in 1999, is a Mumbai-based proprietorship firm engaged in providing services to Indian railways. Services include provision of AC Coach Attendants (ACCAs), setting up and/or operating mechanized laundries for washing, drying and ironing linen used in the AC coaches, onboard housekeeping and others. New services started by the firm in February, 2021 are more over the food industry such as railway running room for railway staff, restaurants Nearby Railway Station in Rail yard (Inside the Bogie) and watering Inside the Rail bogie. The day to day operations is managed by its proprietor, Mr. Rakesh P. Bhatnagar

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of PT to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management

PT commenced operations from 1999. The firm is promoted by its proprietor, Mr. Rakesh P. Bhatnagar who has an experience of over two decades of managing Indian Railway's contracts. He was earlier engaged in trading of electronics appliances to Indian Railways. Post which he started executing service-related contracts of Indian Railways. Acuite believes that the firm will continue to benefit from its experienced management and established relationships with Indian Railways.

Weaknesses

Average financial risk profile

The financial risk profile of the company remained average marked by improving net worth, moderate gearing and healthy debt protection metrics. The net worth of Rs.12.47 Cr as on FY2023 as against Rs.11.23 Cr as on FY2022. The gearing (debt-equity) stood at 1.86 times as on FY2023 as against 1.59 times as on FY2022. The total debt of Rs.23.17 Cr as on FY2023 consists of long-term of Rs.11.48 Cr. and short term of Rs.11.69 Cr. of bank borrowings. The interest coverage ratio stood at 2.14 times for FY2023 as against 1.90 times for FY2022. The DSCR stood at 2.14 times for FY2023 as compared to 1.90 times for FY2022. The Net Cash Accruals to Total debt stood at 2.56 times for FY2023 as against 2.07 times for FY2022. The Total outside liabilities to Tangible net worth stood high at 2.65 times for FY2023 as against 2.32 times in FY2022.

Tender based business

Major business is bagged through open tenders. Hence, the revenue earned is directly dependent upon the quantum of contracts bagged and executed during the year. Risk becomes more pronounced as tendering is based on the minimum amount of bidding of contracts. The firm has to bid for tenders on competitive prices; this may affect the profitability of the firm. This has resulted in fluctuating operating profit margins. However, this risk has been partially mitigated by the extensive experience of the proprietor.

On going delay in servicing of debt obligations

There are instances of invocation of bank guarantee of PT in recent past.

Rating Sensitivities

- Timely servicing of term debt obligations

All Covenants

None

Liquidity Position

Poor

The company has a poor liquidity profile as reflected from recent instances of invocation of bank guarantee.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	55.51	42.22
PAT	Rs. Cr.	2.08	1.59
PAT Margin	(%)	3.75	3.77
Total Debt/Tangible Net Worth	Times	1.86	1.59
PBDIT/Interest	Times	2.14	1.90

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Aug 2022	Bank Guarantee	Short Term	5.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Cash Credit	Long Term	1.00	ACUITE C (Downgraded from ACUITE BB+ Negative)
	Bank Guarantee	Short Term	10.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Cash Credit	Long Term	5.00	ACUITE C (Downgraded from ACUITE BB+ Negative)
	Proposed Bank Facility	Short Term	14.00	ACUITE A4 (Downgraded from ACUITE A4+)
29 Nov 2021	Cash Credit	Long Term	1.00	ACUITE BB+ Negative (Reaffirmed)
	Proposed Bank Facility	Short Term	14.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BB+ Negative (Reaffirmed)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Reaffirmed)
07 Sep 2020	Cash Credit	Long Term	5.00	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	10.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BB+ Stable (Assigned)
	Proposed Bank Facility	Short Term	14.00	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	5.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE A4 Reaffirmed
Bank of Maharashtra	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	10.00	ACUITE A4 Reaffirmed
Bank of Maharashtra	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE C Reaffirmed
Indusind Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE C Reaffirmed
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	14.00	ACUITE A4 Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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