

MAY 22, 2015

CARE ASSIGNS 'CARE B+' RATING TO THE BANK FACILITIES OF PEE KAY SHUTTERING HOUSE

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	13.48	CARE B+ (Single B Plus)	Assigned
Total Facilities	13.48		

Rating Rationale**Rating Rationale**

The rating assigned to the bank facilities of Pee Kay Shuttering House (PKS) is primarily constrained by its fluctuating and small scale of operations, working capital-intensive nature of operations and leveraged capital structure. The rating is further constrained by the firm's exposure to cyclicalities in real estate and construction sector and its proprietorship nature of constitution.

The rating, however, derives comfort from the experience of the promoter in the construction material industry, moderate profitability margins and debt coverage indicators.

Going forward, the ability of the firm to increase its scale of operations while sustaining profitability margins, improvement in capital structure and efficient working capital management would be the key rating sensitivities.

Background

PKS was established as a proprietorship firm in 1990 by Mr Tejpal Gupta. PKS is engaged in providing construction material like shuttering plates, planks, couplers and cuplock to various builders and developers located in Punjab, Haryana & Himachal Pradesh on rental basis. The premises of the firm are based in Zirakpur, Punjab. PKS procures the construction material directly from the manufacturers based in Punjab on hire or purchase basis. Pee Kay Shuttering & Scaffolding Limited (incorporated in 2006) and Citi Centre Developers (rated 'CARE B', established in 2013) are the group concerns of the firm engaged in the business of supplying of construction material and real estate development, respectively.

For FY14 (refers to the period April 01 to March 31), PKS achieved a total operating income of Rs.15.21 crore with PBILDT and PAT of Rs.7.22 crore and Rs.0.48 crore, respectively, as against the total operating income of Rs.19.64 crore with PBILDT and PAT of Rs.8.22 crore and Rs.1.85 crore, respectively, for FY13. Furthermore, in FY15 (as per the unaudited results), PKS achieved a total operating income of around Rs.16 crore.

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²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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