



Press Release

P.P.Pandey Infrastructure Private Limited

April 08, 2021

Ratings

Sr. No	Facility	Amount (Rs. Crore)	Rating Assigned
1	Long Term Fund based facilities - Cash Credit	3.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
2	Short Term Non-Fund based facilities - Bank Guarantee	12.00	IVR A4+ (IVR Single A Four Plus)
	Total	15.00	

**Details of Facilities are in Annexure 1.*

Detailed Rationale

The ratings assigned to the bank facilities of P.P.Pandey Infrastructure Pvt Ltd (PPPIPL or the company) takes into account the experienced Promoters along with skilled management team, healthy order book position, moderate financial risk profile. These are partially offset by geographical concentration risk, competitive and fragmented nature of the industry.

Key Rating Sensitivities

- Upward Factors

- Increase in total operating income along with strong order book going into the future.
- Decrease in project execution time resulting in faster revenue realization.

- Downward Factors

- Decline in scale of operation because of delay in project implementation.
- Any deterioration in debt protection matrix and liquidity profile

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters and skilled Management team – The company is promoted Mr. Pateshwari Pandey, Mr. Manish Pandey and Mr. Nitish Pandey. Mr. Pateshwari Pandey is



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the managing director and Chairman of the company and has overall 35 years of experience in Civil, Industrial and Environmental Infrastructure. Apart from promoters, management team also consists of skilled engineers in relevant field with strong experience to ensure project implementation in timely manner.

Healthy order book position – The Company has an unexecuted order book of Rs.347.01 Crore of which order book amounting to Rs.101.7 Crore are expected to be completed in FY2021. Maximum contracts are from PWD of Uttar Pradesh represents established relation with the clientele. Long term contracts involve supply of GSB materials to other infrastructure companies that ensures stable revenue in the near term.

Moderate financial risk profile - TOL/TNW stood at 3.07x in FY2020 on account of recently availed loans for equipment's involved in construction. TOL/TNW is improved from 4.56x in FY2018 to 3.07x in FY2020 on account of scheduled debt repayments. Company has net worth of Rs.22.92 Crore as on 31st March 2020 with EBITDA margin of 19.44%. Considering strong order book in hand, credit profile is expected to improve with the company being able to generate enough surplus to repay the obligations on a timely basis.

B. Key Rating Weaknesses

Geographical concentration risk - Almost all orders of the company are concentrated in and around the state of Uttar Pradesh. This puts a company in a risky position if there is some widespread government regulation that puts restriction on the construction activities or bidding process.

Competitive and fragmented nature of the industry - The Road Construction industry is highly competitive with a large number of small players that cater to the local demand. To reach economies of scale and have a larger market share, the company has to continuously invest in expanding facilities. Modest scale of operations along with intense competition restricts the pricing flexibility of PPPIPL. The modest scale of operations amid intense competition is expected to restrict PPPIPL's pricing and bargaining power over the medium term. As the company operates in the business of Road Construction, the bids must be priced conveniently so as to be competitive enough.



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Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity: Adequate

The current ratio and quick ratio remained at 1.02x and 0.68x respectively as on March 31, 2020. Company had gross cash accruals of Rs. 10.38 Crore against debt repayment obligation of Rs. 6.16 Crore. Company has cash and bank balances of Rs. 6.31 Crore of which Rs 5.43 Crore are maintained in the form of FDRs under lien as earnest money deposit or as a margin for issuing Bank Guarantee. The average working capital utilisation for the past 12 months ended Oct. 2020 stood at 97%.

About the Company

Established in 1992, P.P.Pandey Infrastructure Private Limited is engaged in construction of Roads, Stone Crushing & Mining, Urban Infrastructure and Industrial development. Being in the infrastructure segment, company has acquired clients such as Uttar Pradesh State Highway Authority, Uttar Pradesh Public Works Departments, National Highway Authority of India, GR Infraprojects Ltd. The company is promoted Mr. Pateshwari Pandey, Mr. Manish Pandey and Mr. Nitish Pandey.

For the purpose of stone crushing, company has acquired two stone mines located at Village Bhatauti and Village Nahri on lease. For crushing, company has installed 5 plants of which, 4 plants are located in Chhatarpur, Madhya Pradesh and 1 plant is located at Allahabad, Uttar Pradesh.

Financials: Standalone

(Rs. crore)

For the year ended*/As on	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	142.92	85.32
EBITDA	21.41	16.59
PAT	3.04	1.33



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For the year ended*/As on	31-03-2019	31-03-2020
Tangible Net worth	22.25	24.54
EBITDA Margin (%)	14.98	19.44
PAT Margin (%)	2.12	1.55
Overall Gearing Ratio (x)	2.87	2.10

*As per Infomerics Standards

Status of non-cooperation with previous CRA: Acuite Ratings in their press Release dated on January 14, 2020 have classified the case under Issuer Not Cooperating on account of non-submission of relevant information.

Any other information: Nil

Rating History for last three years:

Sr. No	Facility	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	3.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	NA	NA	NA
2	Bank Guarantee	Short Term	12.00	IVR A4+ (IVR Single A Four Plus)	NA	NA	NA
Total			15.00				



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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ANNEXURE I

Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Amount (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	-	-	Revolving	3.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Long Term Bank Facilities – Bank Guarantee	-	-	Less than a year	12.00	IVR A4+ (IVR Single A Four Plus)
Total				15.00	