



Press Release

P P Pandey Infrastructure Private Limited

January 24, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	12.00 (Enhanced from 3.00)	IVR C/ Stable Outlook (IVR C with Stable Outlook)	Removed from Issuer Not Cooperating & Downgraded	Simple
Short Term Bank Facilities	15.00 (Enhanced from 12.00)	IVR A4 (IVR A Four)	Removed from Issuer Not Cooperating & Reaffirmed	Simple
Total	27.00 (Rupees Twenty seven Crores only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The current rating continues to derive strength from experienced promoters and skilled management team, healthy order book position & moderate financial risk profile. However, these rating strengths are partially offset due to geographical concentration risk and competitive and fragmented nature of the industry.

The rating was migrated to ISSUER NOT COOPEARTING category as P. P. Pandey Infrastructure Pvt Ltd had not submitted all the required information for surveillance under the stipulated timelines. Subsequently, PPPIPL has cooperated and provided the information leading to removal of the rating from ISSUER NOT COOPEARTING category.

Key Rating Sensitivities:



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Upward rating factor

- Increase in order book and timely execution of the same.
- Significant improvement in profitability margins.

Downward rating factor

- Decline in profitability and elongation in operating cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters and skilled Management team

Mr. Pateshwari Pandey is in the field of infrastructure development for more than 3 decades. He is supported by Mr. Manish Pandey (Mechanical Engineer) and Mr. Nitish Pandey (Civil Engineer). Apart from promoters, management team consists of skilled engineers in relevant field with strong experience to ensure project implementation in timely manner.

Healthy Order book position:

Company has total order book of Rs. 166.14 Crore in hand which are expected to be completed in FY24. Maximum contracts from PWD of Uttar Pradesh represents trust that clients have in the company.

Moderate financial risk profile:

TOL/TNW stood at 2.32x in FY23 on account of loans for equipment involved in construction. Company has net worth of INR 24.39 Crore as on 31st March 2023 with EBITDA margin of 19.75%. 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.

Key Rating Weaknesses



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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 processes.

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 have to be priced conveniently so as to be competitive enough.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

Liquidity –Adequate

The company has been able to generate a comfortable level of gross cash accruals (GCA) of Rs. 8.33 Cr in FY23. The company maintains sufficient cash and bank balance to meet its liquidity requirements. The current ratio and quick ratio remained at 1.16x and 0.63x respectively as on March 31, 2023. Company has cash and bank balances of Rs. 4.22 Crore. The average working capital utilisation for the past 12 months ended Oct. 2023 stood at 96.46%.

About the Firm:



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P. P. Pandey Infrastructure Pvt Ltd is a company involved in construction of Roads, Stone Crushing & Mining, Urban Infrastructure and Industrial development. The company came into existence in 1992. The company is promoted Mr. Pateshwari Pandey, Mr. Manish Pandey and Mr. Nitish Pandey. Being in the infrastructure segment for over a decade, company has acquired clients such as Uttar Pradesh State Highway Authority, Uttar Pradesh Public Works Departments, National Highway Authority of India, GR Infraprojects Ltd.

Financials (Standalone):

For the year ended/ As on*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Income	98.61	64.73
PAT	-0.84	0.50
Total Debt	41.25	27.58
Tangible Net Worth	23.17	24.39
PAT margin (%)	-0.85	0.78
Overall Gearing Ratio (x)	1.78	1.10

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

1. India Ratings has migrated the ratings of P. P. Pandey Infrastructure Pvt Ltd in the 'Issuer not cooperating' category vide its press release dated October 26, 2023, due to non-availability of information and lack of cooperation
2. Acuite Ratings has migrated the ratings of P. P. Pandey Infrastructure Pvt Ltd in the 'Issuer not cooperating' category vide its press release dated December 23, 2022, due to non-availability of information and lack of cooperation. The downgrade is on the basis of publicly available information that the company has ongoing delays in their repayments.
3. Brickworks Ratings has migrated the ratings of P. P. Pandey Infrastructure Pvt Ltd in the 'Issuer not cooperating' category vide its press release dated August 30, 2023, due to non-availability of information and lack of cooperation

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (November 11, 2022)	Date(s) & Rating(s) assigned in 2021-22 (October 18, 2021)	Date(s) & Rating(s) assigned in 2021- 22 (April 08, 2021)
1.	Cash Credit	Long term	12.00	IVR C/ Stable Outlook (IVR C with Stable Outlook)	IVR BB-; ISSUER NOT COOPERATI NG (IVR Double B Minus; ISSUER NOT COOPERAT ING)	IVR BB ISSUER NOT COOPERATI NG (IVR Double B ISSUER NOT COOPERATI NG)	IVR BB+/Stabl e (IVR Double B Plus with Stable Outlook)
2.	Bank Guarantee	Short Term	15.00	IVR A4 (IVR A Four)	IVR A4; ISSUER NOT COOPERATI NG (IVR A Four; ISSUER NOT COOPERAT ING)	IVR A4 ISSUER NOT COOPERATI NG (IVR A Four, ISSUER NOT COOPERATI NG)	IVR A4+ (IVR Single A Four Plus)

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics



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commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	Revolving	12.00	IVR C/ Stable
Bank Guarantee	-	-	-	15.00	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:



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<https://www.infomerics.com/admin/prfiles/len-PPPIPL-jan24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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

