



## Press Release

### Prabh Dayal Om Parkash Infrastructure Limited

March 07, 2025

#### Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	44.59	IVR BB+/Stable (IVR Double B plus with Stable Outlook).	-	Rating Assigned	Simple
Short Term Bank Facilities	35.00	IVR A4+ (IVR A Four Plus)	-	Rating Assigned	Simple
<b>Total</b>	<b>79.59</b> <b>(Rupees Seventy- Nine crores and fifty- nine lakhs only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

The ratings assigned to the bank facilities of Prabh Dayal Om Parkash Infrastructure Limited (PDOFIL) are supported by the company's long-established track record under experienced promoter, geographically diversified operations with wide range of products. Furthermore, the company maintains an average financial risk profile characterized by satisfactory capital structure and moderate debt protection metrics. However, these strengths are partially offset by thin profit margins, vulnerability of profitability to fluctuations in raw material prices, exposure to intense competition and working capital-intensive nature of the business.

The stable outlook reflects expected stable business performance of the company in the near to medium term supported by its experience promoters.

#### Key Rating Sensitivities:

##### Upward Factors:

- Growth in scale of operations with improvement in EBITDA margin to above 4%
- Sustenance of the capital structure with improvement in debt protection metrics
- Improvement in average debtors' collection period leading to improvement in liquidity

##### Downward Factors:



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- Sustained moderation in scale of operations with moderation in profitability resulting in dip in EBITDA margin to below 2%
- Any unplanned debt funded capex leading to deterioration in capital structure with moderation in overall gearing to over 2.0x and/or moderation in interest coverage to below 1x
- Elongation in operating cycle impacting the liquidity

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Long track record of the company under experienced promoters**

PDOFIL was incorporated in 2008 by Mr. Bharat Aggarwal, who has experience of more than two decades in the business of manufacturing water storage tanks. He is supported by the other directors and a team of experienced and qualified professionals to support the smooth operations on a day-to-day basis. Established business experience of the promoters helps in building long-term relationships with customers and suppliers.

- **Geographically diversified operations**

Initially, the company operated in Delhi, Haryana and selected regions of Rajasthan and Uttar Pradesh. Since fiscal 2016, it has expanded its presence to include states like Gujarat, Uttarakhand, Madhya Pradesh, Bihar, West Bengal, and Jharkhand. With significant growth potential in Gujarat, the company plans to prioritize expanding its operations in this region over the medium term. In FY2024, Gujarat alone contributed ~39% to the company's revenue.

- **Wide range of products**

The company initially began operations by trading in galvanized iron (GI) and mild steel (MS) pipes, as well as polyvinyl chloride (PVC) pipes and polypropylene (PP) plumbing products. Over time, it expanded its product portfolio to include water tanks and waste management solutions. In 2016, it further diversified by adding road safety products, industrial pallets, and garden pipes. In 2018, the company became a del credere agent for Indian Oil Corporation Ltd in Rajasthan. Currently, the company is engaged in the business in the manufacturing of water tanks and Solar Structure-Steel. This diversified product range positions the company to scale up its operations and mitigate downturns in any specific product segment.

- **Average financial risk profile marked by satisfactory capital structure with moderate debt protection metrics**



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The capital structure of the company remained satisfactory with long term debt equity ratio of 0.40x and overall gearing of 1.43x as on March 31, 2024, improved from long-term debt equity ratio of 0.53x and overall gearing of 1.81x as on March 31, 2023. The improvement in overall gearing is attributable to reduction in term loan and working capital borrowings on the account closing date coupled with accretion of profit to net worth. The debt protection parameters of the company stood moderate marked by moderate interest coverage ratio at 1.11x in FY24 (1.19x in FY23). Furthermore, Total debt/EBITDA and Total debt/GCA also though improved from 7.53x and 22.82x respectively as on March 31, 2023 stood moderate at 5.99x and 19.12x respectively as on March 31, 2024.

### **Key Rating Weaknesses**

- **Thin profit margins**

The total operating income of the company has decreased from Rs.343.86 crore in FY23 to Rs. 238.00 crore in FY24. The company started executing some solar projects on Joint venture (JV) with Flotex Solar Private Limited since August 2020, in which majority of works were completed by FY22 and some portion completed in FY23, and currently the JV is non-operational. The profit margins of the company remained thin over the years mainly due to its low value additive volume driven business coupled with high competitive pressure from unorganized players. The EBITDA margin of the company stood thin in the range of ~1.85%-2.91% while the PAT margin hovered ~0.26%-0.45% over the past three fiscals.

- **Susceptibility of profitability to volatile raw material prices**

Raw material costs constitute about 85%-90% of total cost of production for PDOPIL with the primary raw materials being steel and HDPE. Since all these commodities are linked to global prices, the company is exposed to fluctuations in the same which could impact profitability if the company is unable to pass on the same to its customers.

- **Exposure to intense competition**

The water tanks manufacturing industry is characterised by limited entry barriers and intense competition from numerous small unorganised and organised players. However, PDOPIL's preferred supplier status and its reputed customers and a long working relationship with the existing clients provide it with some competitive advantage. Further, the steel trading industry is highly competitive with low product differentiation and the presence of many players.

- **Working capital intensive nature of business**



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The operating cycle has increased from 64 days in FY23 to 89 days in FY24 primarily due to an increase in average collection period from 107 days in FY23 to 120 days in FY24. The increased collection period can be attributed to delays in payments from some parties. However, these payments are now being realized, which should improve the company's cash flow moving forward.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity profile of the company is likely to remain adequate marked by sufficient cash accruals vis-à-vis its debt repayment obligation of Rs.3.99 crore in FY2025, Rs.2.65 crore in FY2026 and Rs.1.58 crore in FY2027 respectively. Moreover, the overall gearing stood moderate at 1.43x as on March 31, 2024, providing adequate gearing headroom. The current ratio also stood comfortable at 1.43x as on March 31, 2024. The average working capital utilisation for the last twelve months ended January 31, 2025, remained satisfactory at ~83% resulting in moderate liquidity cushion through its working capital limits.

### **About the Company**

Incorporated in 2008, Prabh Dayal Om Parkash Infrastructure Limited (PDOFIL) engaged in manufacturing a wide range of products, including Solid Waste Management Products, Road Safety Products (such as Road Barriers, Traffic Cones, Spring Posts, Speed Breakers, and Road Studs), Water Storage Solutions (including Loft Tanks, FRP Water Tanks, Stainless Steel Water Tanks, and Thermos Tanks), as well as Industrial Pallets, PPR-C Pipes and Fittings, and Stainless Steel Pipes and Fittings. These products are marketed under the brand name "SHEETAL."



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### Financials: Standalone

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	343.86	238.00
EBITDA	7.85	6.92
PAT	0.90	0.67
Total Debt	59.10	41.50
Tangible Net Worth	34.98	35.65
EBITDA Margin (%)	2.28	2.91
PAT Margin (%)	0.26	0.28
Overall Gearing Ratio (x)	1.81	1.43
Interest Coverage (x)	1.19	1.11

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Term Loan	Long Term	4.59*	IVR BB+; Stable	-	-	-
2.	Cash Credit	Long Term	40.00	IVR BB+; Stable	-	-	-
3.	Bank Guarantee	Short Term	35.00	IVR A4+	-	-	-

\* Outstanding as on December 31, 2024

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit





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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.

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

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	December 2026	4.59*	IVR BB+; Stable
Cash Credit	-	-	-	40.00	IVR BB+; Stable
Bank Guarantee	-	-	-	35.00	IVR A4+

\* Outstanding as on December 31, 2024

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-PrabhDayal-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable



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**Annexure 4: List of companies considered for consolidated/Combined analysis:** 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](http://www.infomerics.com).

