



Press Release

Pushpdeep Infrastructure Private Limited (PIPL)

April 01, 2022

Ratings:

(INR Crore)

Instrument / Facility	Amount	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Bank Facilities – Cash Credit	5.00	IVR BBB- /Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Proposed Long Term Fund Based Bank Facilities – Cash Credit	5.00	IVR BBB- /Stable Outlook (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Non Fund Based Facilities – Bank Guarantee	30.00	IVR A3 (IVR A Three)	Assigned	Simple
Proposed Short Term Non Fund Based Facilities – Bank Guarantee	20.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	60.00			

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid ratings assigned to bank facilities of Pushpdeep Infrastructure Private Limited derives strength from extensive experience of the promoters in civil construction industry, moderate order book reflecting satisfactory short term revenue visibility and healthy debt protection and coverage parameters. However, the rating strengths are partially offset by risks related to the project execution; tender-driven nature of business; highly fragmented & competitive construction sector and susceptibility of operating margins to volatility in input prices.

Key Rating Sensitivities:

Upward Factors:

- Substantial & sustained improvement in revenue and profitability margins while maintaining the debt protection metrics may lead to a positive rating action.

Downward Factors:

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt protection metrics may lead to a negative rating action.



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- Decline in contract receipts

Key Rating Drivers with detailed description

Key Rating Strengths:

Extensive Experience of Promoters in Civil Construction Industry:

PIPL is led by Mr. Deepak Kumar Agarwal (managing director of the company) and his eminent team of Directors and Managers who have a minimum relevant industry experience of 20 plus years. PIPL has got good and established track record of more than 12 years as EPC Contractor. Extensive experience of the promoters in the civil construction industry helps the Company in bidding stages of the project. Also, established relations with suppliers helps the Company to timely procure materials at competitive rates. The company has well established medium to long term tie ups with reputed customers in the EPC industry.

Moderate order book reflecting satisfactory short term revenue visibility:

The company has a modest unexecuted order book of INR 274.32 crore as on 31st January 2022 with orders across 6 contracts which is about 2.22 times of its FY21 revenue. Majority of the orders are expected to be completed by end of FY23, indicating a satisfactory near to short term revenue visibility. Also, the entire order book is composed of contracts from State/Central Government or Government Departments, thus reducing credit risk to an extent. Constantly replenishing order book and executing the existing orders on time is a key monitorable for the Companies in civil construction. Apart from above, currently four projects that the company had bid are L1 amount to INR 818.20 Crore and as per management, the agreements are expected to be signed within a timeframe of one month.

Healthy Debt protection and coverage parameters:

The Company has comfortable capital structure as envisaged by overall gearing ratio of the company at 0.01x as on March 31, 2021 (FY20: 0.02x). Lower reliance on fund based working capital limits from banks due to healthy operating cycles has helped the company to survive economic downturn. The Company also has comfortable debt coverage ratios as indicated by interest coverage ratio of at 68.78x as on March 31, 2021 (FY20: 17.16x).

Key Rating Weaknesses:

Risks related to the project execution; tender-driven nature of business; highly fragmented & competitive construction sector:

Execution risks for the unexecuted projects in a timely manner will be key to achieving growth in revenues and profits. Further, the company is exposed to project execution risk of the pending order book, owing to the uncertainties in the business on account of the on-going



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COVID19 induced economic downturn.. The ability of the company to execute the projects without delay and cost escalation would be a key rating monitorable. The Company gets new orders via tenders floated by State/Central Governments. Continuous and repetitive winning of orders is imperative for steady growth of the top line in civil construction business.

Susceptibility of operating margins to volatility in input prices:

Major raw materials used in civil construction activities are steel & cement which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including subcontracting) costs forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including sub-contracting) costs are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) costs. However, presence of escalation clause in most of the contracts protect the margin to a certain extent.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for [Infrastructure Companies](#).

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

Liquidity: Adequate

The liquidity position of the company remains adequate as cash accruals are healthy to meet incremental working capital limits. Further, the company had gross cash accruals of INR 6.12 Crore in FY21. The overall average utilization of the fund-based and non-fund-based limits remains comfortable at 9.76% and 55.56% respectively during the last 12 months ended February 2022 providing additional liquidity cushion. The current ratio stood at 3.71 times as on 31st March 2021. Cash and Cash equivalent amounted to INR 1.66 Crore as on 31st March 2021. The company has very strong WC cycle resulting better liquidity and low reliance on fund based working capital limits from banks.

About the Company:

Pushpdeep Infrastructure Private Limited (PIPL), based in Ghaziabad (Uttar Pradesh), was incorporated on August 27, 2010 by taking over the partnership firm M/S. S. K. Gupta & Co. which was founded by father of Mr. Deepak Kumar Agarwal in 1977. Mr. Deepak Kumar Agarwal is the promoter of the company having experience of more than 20 years in civil construction. The company is registered with various government department and development authorities like Greater Noida Industrial Development Authority, Yamuna Expressway Industrial Development Authority, UP Awas Avem Vikas Parishad, Ghaziabad



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Development authority and New Okhla Industrial Government Authority. PIPL majorly focuses on construction of flats for Government department. The company had an unexecuted order book of INR 274.32 crore as on January 31st, 2022.

Financials:

(INR Crore)

For the year ended/ As On	31-03-2020 (Audited)	31-03-2021 (Audited)
Total Operating Income	29.12	123.47
EBITDA	0.69	6.51
PAT	3.00	5.60
Total Debt	0.52	0.40
Adjusted Tangible Net-worth	32.29	36.96
Ratios		
EBITDA Margin (%)	2.37	5.27
PAT Margin (%)	9.04	4.47
Overall Gearing Ratio (x)	0.02	0.01

Status of non-cooperation with previous CRA:

Care ratings vide its press release dated 22nd February 2022 migrated the rating to Issuer Not Co-operating category.

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1	Long Term Fund based Bank Facilities – Term Loan	Long Term	5.00	IVR BBB- / Stable	--	--	--
2	Proposed Long Term Fund based Bank Facilities – Term Loan	Long Term	5.00	IVR BBB- / Stable	--	--	--
3	Short Term Non Fund based Bank Facilities – Bank Guarantee	Short Term	30.00	IVR A3	--	--	--
4	Proposed Short Term Non Fund based Bank	Short Term	20.00	IVR A3	--	--	--



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	Facilities – Bank Guarantee						
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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 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund based Bank Facilities – Cash Credit	--	--	--	5.00	IVR BBB-/ Stable
Proposed Long Term Fund based Bank Facilities – Cash Credit	--	--	--	5.00	IVR BBB-/ Stable
Proposed Short Term Non-Fund based Bank Facilities – Bank Guarantee	--	--	--	30.00	IVR A3
Short Term Non-Fund based Bank Facilities – Bank Guarantee	--	--	--	20.00	IVR A3

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-push-apr22.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 <https://www.infomerics.com/>.