



Press Release

Pushpdeep Infrastructure Private Limited (PIPL)

June 06, 2024

Ratings

Instrument / Facility	Amount (INR. Crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	10.00 (increased from Rs.5.00 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Upgraded/ Assigned	Simple
Proposed Long Term Fund Based Bank Facilities – Cash Credit	1.00 (reduced from Rs.5.00 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Short Term Non-Fund Based Bank Guarantee	88.00 (increased from Rs.40.00 crore)	IVR A3+ (IVR A Three Plus)	Upgraded/ Assigned	Simple
Proposed Short Term Non-Fund Based Bank Guarantee	1.00 (reduced from Rs.10.00 crore)	IVR A3+ (IVR A Three Plus)	Upgraded	Simple
Total	100.00 (Rupees One Hundred Crore Only)			

Details of facilities are provided in Annexure I

Detailed rationale

The upgradation of the rating assigned to the bank facilities of Pushpdeep Infrastructure Private Limited (PIPL) takes into consideration the increase in the scale of operations and healthy order book reflecting short term to medium term revenue visibility. The rating continues to derive strength from extensive experience of promoters in civil construction industry, healthy debt protection metrics and capital structure.

The rating is however constrained on account of the risks related to the project execution, tender-driven nature of business, highly fragmented & competitive construction sector, susceptibility of operating margins to volatility in input prices.

Key rating sensitivities:

Upward factors



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- 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.
- Decline in contract receipts

List of key rating drivers with detailed description

Key rating strengths

Increase in scale of operations along with healthy order book position

The company registered increase in the sales by around 26% to Rs.201.83 crore from operations in FY24 as compared to Rs.159.96 crore in FY23. This increase in the sales was underpinned by the substantial orders availed and its timely execution during the year. The company is expected to maintain this increased scale of operations underpinned by the healthy unexecuted order book of Rs.1075 crore as on 31st March 2024 reflecting order book to TOI ratio of over 5 times vis a vis the revenue of FY24 (provisional). These orders are expected to be completed in the next three years. Therefore, increase in the scale of operations and revenue registered is expected. 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.

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 and at competitive rates. The company has well established medium to long term tie ups with reputed customers in the EPC industry.

Healthy Debt protection and coverage parameters



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The company has comfortable capital structure as envisaged by overall gearing ratio of the company at 0.10x as on March 31, 2024 (FY23: 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 ~23x as on March 31, 2024 (FY23: 18.01x).

Key rating weaknesses

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

PIPL operates in a tender based business and faces competition from other national level large players and small unorganized players who generally specialize in one or two business segments. Revenues are dependent on the company's ability to bid successfully for tenders, also bid based / tender based system for availing orders may exert pressure on the profitability of the company. Availing orders and timely execution of the same will remain a key rating monitorable.

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 \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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



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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 around Rs.11.80 crore in FY24. The overall average utilization of the fund-based and non-fund-based limits remains comfortable at 36% respectively during the last 12 months ended March 2024 providing additional liquidity cushion. The current ratio stood at 2.95 times as on 31st March 2024. Cash and cash equivalent amounted to Rs.1.70 Crore as on 31st March 2024. The company also has a free FD balance of Rs.21.10 crore as on March 31, 2024, adding sufficient cushion to its liquidity. The company has very strong WC cycle resulting in better liquidity and low reliance on fund based working capital limits from banks.

About the company

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 Awam Vikas Parishad, Ghaziabad Development authority and New Okhla Industrial 6 Government Authority. PIPL majorly focuses on construction of flats for Government department.

Financials (Standalone):

For the year ended* As on	INR in crore	
	3/31/2022 Audited	3/31/2023 Audited
Total Operating Income	128.86	159.96
EBITDA	7.75	9.94
PAT	6.54	8.03
Total debt	7.48	0.89
Tangible Net worth	45.12	53.15
Ratios		
EBITDA margin (%)	6.01	6.21
PAT margin (%)	5.01	4.97
Overall gearing (x)	0.17	0.02

*Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Facilities / Instruments	Current rating (2024-25)			Rating History for the past 3 years			
	Type	Amt	Rating	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23 (April 01, 2022)	Date(s) & Rating(s) assigned in 2021-22
				(July 28, 2023)	(June 05, 2023)		
Cash Credit	Long Term	10.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BB+/ Negative; INC*	IVR BBB-/ Stable	-
Proposed Cash Credit	Long Term	1.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BB+/ Negative; INC*	IVR BBB-/ Stable	-
Bank Guarantee	Short Term	88.00	IVR A3+	IVR A3	IVR A4+; INC*	IVR A3	-
Proposed Bank Guarantee	Short Term	1.00	IVR A3+	IVR A3	IVR A4+; INC*	IVR A3	-

*INC : Issuer Not co-operating; based on best available information

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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 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.



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Annexure 1: Details of Facilities:

Name of Facility/ Instrument	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	--	10.00	IVR BBB; Stable
Proposed Cash Credit	--	--	--	1.00	IVR BBB; Stable
Bank Guarantee	--	--	--	88.00	IVR A3 +
Proposed Bank Guarantee	--	--	--	1.00	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/lender-Pushpdeep-june24.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.