

## Greenworth Infrastructures Private Limited

December 14, 2022

### Ratings

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3.87	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	60.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Revised from CARE A4+ (A Four Plus) and moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>63.87</b> <b>(₹ Sixty-Three Crore and Eighty-Seven Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Greenworth Infrastructures Private Limited to monitor the ratings vide e-mail communications/letters dated July 26,2022, October 18,2022, November 25, 2022 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Greenworth Infrastructure Private Limited bank facilities will now be denoted as **CARE BB; Stable /CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of lack of adequate information to undertake review. The ratings assigned to the bank facilities of Greenworth Infrastructures Private Limited (GIPL) are constrained by small scale of operation, moderate and concentrated order book position, presence in tender driven and competitive nature of business. The ratings however derive strength from vast experience of the promoters in construction sector, comfortable profit margins and comfortable capital structure over the past three years ended FY21 (refers to the period April 1 to March 31).

### Detailed description of the key rating drivers

At the time of last rating on November 02,2021 the following were the rating strengths and weaknesses

#### Key Rating Weaknesses

##### Small scale of operations

Though the company had been operational for more than a decade, the scale of operations of GIPL stood small with operating income of Rs.68.29 crore in FY21 (A) (PY: Rs.63.00 crore) which declined from Rs.82.54 crore in FY19 on account of slowdown in execution of orders due to covid lockdown restrictions from March 2020 onwards.

##### Moderate order book position and geographical concentration of projects

The company has presence only in Kerala and the firm is susceptible to changes in the economic, socio-political scenario in the state. The company's order book position stood moderate at Rs 91 crore as on August 31, 2021, which translates to order book to income ratio of 1.42x based on gross revenue of FY21(A) and the entire orders are skewed towards road works for Kerala Public Works department (KPWD). The current order book is expected to be completed before March 2022.

##### Presence in Competitive and tender based industry

There are numerous fragmented & unorganized players operating in the industry which makes the civil construction space highly competitive. GIPL receives its work orders mainly from Government bodies, constituting majority of its order book position and most of the projects undertaken by the company are tender-based and the revenues are dependent on the

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

company's ability to bid successfully for these tenders. Profitability margins come under pressure because of this competitive nature of the industry, and it depends on the ability to pass the increase in raw material prices and labor costs to the customers

### Key Rating Strengths

#### Experience of the promoters and operational track record of the company

GIPL was promoted by Mr. K.J. Paul, P.J. Jacob and Mr. P.J. George who have a long presence in construction industry with 25 years of experience each. For the past decade, the company has executed orders more than Rs.300 crores in Kerala. GIPL is classified as a Class A registration company with the KPWD which entitles the company to bid for tenders irrespective of the value of the project.

#### Comfortable profitability metrics

The company majorly executes the projects on its own and subcontracts less than 10% of works outside. Though the PBILDT margin had been volatile, it has remained comfortable in the range of 12.30% to 15.80% over the past three years ended FY21 as majority of the projects have price escalation clauses which mitigates the raw material price volatility risk to certain extent.

#### Comfortable capital structure and debt coverage indicators

Overall gearing stood comfortable at 1.12x (PY:0.94x) for the year ending March 31, 2021. The company does not rely on mobilization advances for its projects. The Debt coverage indicators also stood comfortable with total debt/ GCA of 4.89x (PY:3.56x) as on March 31, 2021. The Interest coverage stood moderate at 2.91x in FY21 (PY:3.78x).

#### Liquidity: Stretched

Liquidity position of the company is stretched with tightly matched accruals against repayment obligation and modest cash balance of Rs.5.58 crore as on March 31, 2021. The inventory holding increased from 53 days in FY20 to 92 days in FY21 on account of higher work in progress inventory due to slow down in execution following covid pandemic. The company has been sanctioned working capital limits of Rs.15 crore and the average utilization of the same stood at 90% for the past 12 months ended September 2021. GIPL has availed covid moratorium for both interest and principal for the period March to August 2020 as a part of covid relief measure and also availed covid emergency loans in FY21.

#### Analytical approach : Standalone

#### Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating Methodology – Construction Sector](#)

#### About the company

Greenworth Infrastructures Private Limited (GIPL) is a private limited company established in 2010. The company has its corporate office in Cochin, Kerala, while its work sites are located in around and Kerala. GIPL is engaged in the business of civil construction of roads and also undertakes buildings and bridge construction. As on August 31, 2021, the company had an order book of Rs.91 crore to be executed till March 2022 with majority of the orders pertaining to road construction and improvements of existing roads

Brief Financials (₹ crore)	FY21 (A)	FY22(A)	H1FY23 (P)
Total operating income	68.29	NA	NA
PBILDT	9.04	NA	NA
PAT	3.54	NA	NA
Overall gearing (times)	1.12	NA	NA
Interest coverage (times)	2.91	NA	NA

A: Audited; P: Provisional; NA: Not Available

**Status of non-cooperation with previous CRA:** Infomercs Ratings has conducted the review based on the best available information and has classified GIPL as "Not cooperating" vide its press release dated April 04, 2022

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	October , 2024	3.87	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft.		-	-	-	15.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	45.00	CARE A4; ISSUER NOT COOPERATING*

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - ST-Bank Overdraft	ST	15.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (02-Nov-21)	-	-
2	Fund-based - LT-Term Loan	LT	3.87	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (02-Nov-21)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	45.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (02-Nov-21)	-	-

\*Long term/Short term.

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

#### Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

#### Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About us:

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