

## Suryansh Infradevelopers Private Limited

November 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	15.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	20.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

Suryansh Infradevelopers Private Limited (SIPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on SIPL 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 reaffirmation of the long-term rating assigned to the bank facilities of SIPL factors in small scale of operations along with low order book position albeit slow pace of execution. Further, the rating is also constrained by absence of price escalation clause insulating it from price volatility, project execution risk inherent in various infrastructure projects and highly competitive industry with business risk associated with tender-based orders. The rating, however, derive strength from experienced promoters coupled with long track record of operations, moderate profitability margins moderate capital structure and debt coverage indicators.

**Analytical approach:** Standalone

### Detailed description of key rating drivers:

At the time of last rating on August 14, 2023, the following were the rating strengths and weaknesses (updated for information available from company):

#### Key Weaknesses

##### Small scale of operations

The scale of operations of the company continued to remain small with the total operating income almost stagnant at Rs.63 crore during FY24 (refers to the period from April 01 2023 to March 31 2024) (PY: Rs.63.43 crore) owing to slow pace of execution of certain orders.

##### Low order book position albeit slow pace of execution

SIPL has an unexecuted order book position of ~Rs.51.32 crore as on August 30, 2024 which is equivalent to ~0.81x the total operating income achieved in FY24, thereby reflecting low revenue visibility over the medium term. Further, the progress of certain orders remains slow moving owing to various issues such as delay in civil work, land acquisition issues, land rehabilitation issue, environmental clearances, etc. Thus, timely completion of slow-moving orders with cost overrun and execution pace of new orders received in 2023 will be key rating sensitivities. Further, the timely execution of existing as well as newly received large sized orders remain key rating monitorable.

##### Absence of Price escalation clause insulating it from price volatility

The company procures its primary raw materials which includes steel, cement, sand, etc. from approved vendors/regional players specified by the respective clients at market rates and hence, it is susceptible to volatility in the input prices, which may have adverse impact on the profitability of the company. Further, the company is majorly insulated from any volatility in the input prices of raw materials as most of the contracts have a built-in price escalation clause for change in raw material prices owing to the long tenure of the project. Thus, the ability of the company to pass on increased price burden to the customers in a timely manner and maintain profitability margins is critical from the credit perspective.

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

### Project execution risk inherent in various infrastructure projects

Given the nature of projects awarded, SIPL is exposed to inherent risk in terms of delays in certain projects undertaken by the company due to delay in approvals and sanction from regulatory bodies such as land acquisition issues, thus exposing SIPL towards the risk of delay in projects resulting in a delay in the realization of revenue growth. Furthermore, the company's ability to execute the project in timely manner would be led by its operational efficiency and timely stage payments received from its clients which is also crucial from credit perspective.

### Highly competitive industry with business risk associated with tender-based orders

SIPL operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins. SIPL receives all of its work orders from government/ public sector undertakings. The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Furthermore, any changes in the government policy or government spending on projects are likely to affect the revenues of the company. The company majorly undertakes government projects which are awarded through the tender-based system. This exposes the company towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

## Key Strengths

### Experienced promoter coupled with long track record of operations

The operation of the company is currently managed by Mr. Pawan Kumar Singh and his wife Mrs. Sunita Singh. Both have more than a decade of experience in the industry in association with this company and other firms in the similar industry. Mr. Pawan Kumar Singh and Mrs. Sunita Singh are postgraduates by qualification, and they look after the overall operations of the company.

### Moderate profitability margins

The profitability margins of the company stood moderate for the past three financial years i.e. (FY21- FY23) since it largely depends upon the nature of contract executed. Further, PBILDT margin of the company improved to 12.15% in FY24 as against 10.03% in FY23 owing to higher margin contracts executed by the company coupled with proportionate decline in overhead expenses. Further, PAT margin also improved and stood at 5.48% in FY24 as against 4.28% in FY23 owing to increase in PBILDT.

### Moderate capital structure and debt coverage indicators

The overall gearing of the company stood moderate and marginally improved to 0.98x as on March 31 2024 as against 1.24x as on March 31 2023. The same was owing to accretion of profits to net worth along with lower utilization of working capital limits. Further, the debt coverage indicators of the company also improved as marked by interest coverage ratio (PBILDT/Interest) and total debt to GCA of 4.35x and 3.22x during FY24 as against 4.04x and 3.99x during FY22.

### Liquidity: Adequate

The liquidity position of the company remained adequate characterized by sufficient cushion in gross cash accruals (GCA) vis-à-vis repayment obligations. The average utilization of its working capital limits remained 11% utilized for the past 12 month's period ending August 2024.

## Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Lucknow (Uttar Pradesh) based Suryansh Infradevelopers Private Limited was incorporated in 2009 as a private limited company. The company is currently being managed by Mr. Pawan Kumar Singh and his wife Mrs. Sunita Singh. Both of them looks after the day to day operations of the company. The company is engaged in civil construction work for government and private players.

The company undertakes all kinds of commercial projects in Lucknow, Hardoi, Kaushambi, Raebareli and Ballia. It undertakes civil construction work like construction work of road, bridge, national highway, etc.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	63.43	63.00
PBILDT	6.36	7.65
PAT	2.71	3.46
Overall gearing (times)	1.24	0.98
Interest coverage (times)	4.04	4.35

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** NA

**Any other information:** NA

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### 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 and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST		-	-	-	7.35	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	12.65	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	15.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (14-Aug-23)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	12.65	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (14-Aug-23)	-	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	7.35	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (14-Aug-23)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

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

## Contact us

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### About us:

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### Disclaimer:

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