

PECC

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	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	4.00	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

CARE Ratings Ltd. has been seeking information from PECC to monitor the rating vide e-mail communications dated February 26, 2025 and March 13, 2025 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. Further, PECC has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on PECC's 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.

Prakash Group (PG) comprises of two companies, namely PECC and Prakash Engineers & Infraprojects Private Limited (PEIPL). The ratings of PG's bank facilities continue to remain tempered by the Group's modest scale of operations; albeit improvement in FY23 and stable performance in 11MFY24, client concentration risk, presence of the company in highly seasonal and cyclical roads & highways industry, and tender driven nature of business operations. The ratings, however, derive strength from experienced promoters with established track record of operations and synergies from group companies, comfortable profit margins with improvement in FY23, moderate order book position indicating medium term revenue visibility, comfortable solvency position and adequate liquidity position.

Analytical approach: Combined

CARE Ratings has considered the combined financials of Prakash Engineering & Infraprojects Private Limited (PEIPL) and PECC (Partnership concern) as both these companies are into similar line of business, common promoter family, has fungibility of cash flows and has operational linkages. Moreover, as per management articulation the companies continue to support each other

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on April 01, 2024, the following were the rating strengths and weaknesses:

Key weaknesses

Modest scale of operation; albeit growth witnessed in FY23

During FY23, TOI of the Group has grown by 24% to Rs.97.34 crore (as compared to Rs.78.66 crore in FY22). The increase in revenue is attributable to execution of delayed work post removal of restriction imposed owing to pandemic. Furthermore, during 11MFY24, the group achieved total revenue of around Rs.59.22 crores (Without adjustment for interrelated party transaction) (which includes PEIPL's revenue of around Rs.33.86 crore and PECC's of Rs.25.36 crore) as against 11MFY23 TOI of Rs.79.03 crore (Without adjustment for interrelated party transaction) (which includes PEIPL's revenue of around Rs.38.40 crore and PECC's of Rs.40.63 crore). Thus, the performance has largely remained stable in the current FY. Going forward on the back of moderated orderbook the company is projected to witness slight moderation in TOI during FY24.

Presence of the group in highly seasonal and cyclical roads & highways industry

The group depends on a highly cyclical and seasonal EPC industry with maximum order book in roads repair works. The orders are to be executed quickly and face procedural hurdles during monsoon which slows down the execution of orders. This has an impact on the performance of the company in the first half of the fiscal. Thus, the ability of the company to increase the scale of operations and sustaining profit margins amidst seasonal & cyclical scenario would be critical from the credit perspective.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Tender driven nature of business operations

Group's major portion of the revenue is from tenders floated by MCGM (Municipal Corporation of Greater Mumbai) and other government departments. Increase in the number of bidders in government contracts results in highly competitive intensity. Furthermore, tender driven nature and lengthy bidding process can impact the revenue growth of the company while timely completion of orders and translation of the same into revenues is essential.

Clientele concentration risk

The order book position is concentrated in terms of customers with 6 out of 7 orders from Municipal Corporation of Greater Mumbai (MCGM). The same may adversely impact the financial risk profile in case of delay in realization of debtors and/or any policy level changes at customer's end. Furthermore, out of its total outstanding order book position, all the projects are in Maharashtra (Mumbai and Thane region), thereby making the company susceptible to geographical concentration risk.

Working capital intensive nature of business; albeit improvement in FY23

Group's presence in construction industry inherently results in high working capital intensive operations, with funds required to fund margin money for bank guarantees and security deposits apart from debtors and inventory levels. Furthermore, due to working capital-intensive nature of operations, the operating cycle remained high at 122 days in FY23 (vis-à-vis 102 days in FY22). The deterioration in working capital cycle was primarily on account moderation in collection period to 180 days in FY23 (vis-à-vis 159 days in FY22).

Key strengths

Experienced promoters with established track record of operations and synergies from group company

PEIPL is promoted by Mr. Nand Bijlani and his brother, Mr. Shankar Bijlani. They have an experience of more than three decades in civil construction industry through PEIPL. The company benefits from its promoters' extensive experience and their understanding of the dynamics of the market. The company has to its name, roads like Veer Nariman Road, Oberoi Hotel Road, Dalal Street and some BRIMSTOWAD project like Mithi river etc. This exhibits the company's established track record in the field of civil and road construction. Further, the group company of PEIPL runs asphalt manufacturing and mixer plant, which ensures the easy availability of raw materials.

Comfortable profit margins of the group with improvement in FY23

During FY23, the PBILDT margins increased by 96 bps to 16.08% (vis-à-vis 15.12% in FY22) mainly due to change in order mix leading to lower raw material consumption during the year. The raw material consumption as a percentage of ToI decreased from 46.62% in FY22 to 45.57% in FY23, going forward the margins are expected to largely remain stable from the current level. Furthermore, the PAT margin also improved by 195 bps to 13.25% in FY23 (vis-à-vis 11.29% in FY22). The improvement also was on account earning of non-operating income of Rs.2.12 crore in FY23 primarily consisting of Rs.1.14 crore pertaining to sundry balance written back (as against Rs.2.54 crore in FY22) and Rs.0.04 crore income from JVs (as against Rs.0.22 crore in FY22) along with decrease in depreciation charges. Going forward profitability margins are expected to slightly decline by around 2%.

Moderate book position indicating medium term revenue visibility

The group has outstanding order book position of Rs.129.23 crore as on February 29, 2024, which is 1.33x of the FY23 TOI on combined basis and provides revenue visibility for medium term. The current order book position mainly includes contracts for improvement, strengthening and widening of roads. Timely execution of the current orders and collections of receivables will be crucial.

Comfortable solvency position

The capital structure of the group stands comfortable with overall gearing ratio of 0.29x as on March 31, 2023 (vis-à-vis 0.36x as on March 31, 2022) on account of increase in working capital level (from Rs.17.03 crore in FY22 to Rs.17.83 crore in FY23) along with term loan (from Rs.2.18 crore in FY22 to Rs.2.30 crore in FY23) leading to increase in overall debt. However, the group's tangible net worth has improved to Rs.72.790 crore as on March 31, 2023 (vis-à-vis Rs.60.90 crore as on March 31, 2022), resulting in improved overall gearing. Further, the Group's debt coverage indicators namely TD/GCA improved to 1.50x as on March 31, 2023 (vis-à-vis 2.12x as on March 31, 2022) on account of increase in Gross Cash Accruals from Rs.10.21 crore in FY22 to Rs.14.15 crore in FY23. The Interest coverage also improved from 8.37x in FY22 to 11.11x in FY23 due to increase in PBILDT level from Rs.11.89 crore in FY22 to Rs.15.66 crore in FY23).

Low dependence on sub-contracting of equipment

The group has its own fleet of equipment for the execution of the projects. The company has been consistently adding fixed assets consisting of JCB rock breakers, motor car, computer systems etc., over the past. Overall, the company is equipped with Asphalt Plant, dumper & tipper, Generator, JCB Rock Breakers, Mixer, Motor vehicles, office premises, paver finisher machine, plant & machinery, Rollers, Schewing Machine, Vehicle Tracking Device, Vibrators Compactors, Weigh Bridge etc.

Liquidity: Adequate

Liquidity position remains adequate marked by projected gross cash accruals of about over Rs.11-12 crore in FY24 and FY25 as against a repayment obligation of Rs.0.21 crore in FY24 and Rs.0.25 in FY25. The free cash and bank balance and liquid

investments stood moderate at Rs.3.76 crore as on March 31, 2023. The fund-based bank facilities namely cash credit limit is utilized on an average of maximum utilisation to the extent of 69% of credit limit in the last 11 months ended February 29, 2024.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

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

[Definition of Default](#)

[Consolidation](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Established by the Bijlani family in 2003 as a partnership firm, PECC (erstwhile Prakash Engineers & Construction Company) is engaged in manufacturing of bitumen hot mix which is applied for the construction of roads & highways. Along with the manufacturing of bitumen hot mix, the firm also provides the labour services for laying of the said products on the construction of roads & highways. The products manufactured by the firm are sold to the various EPC contractors engaged in the construction of roads & highways, of which a major portion comprising 18.24% of the net sales sold to the group company viz. Prakash Engineers and Infraprojects Private Limited (PEIPL), engaged in the construction of roads & highways on an EPC basis, whereas the balance is sold to other EPC contractors engaged in the construction of roads across Mumbai, Navi Mumbai and Thane. On the other hand, the primary raw materials viz. bitumen, furnace oil & LDO (light diesel oil), emulsion and petrol & diesel are procured from the domestic manufacturers & suppliers of the same, whereas metals and crushed sand are procured from the domestic quarry owners.

Combined financials of PEIPL and PECC

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	11MFY24 (UA)
Total operating income	70.86	97.34	59.22
PBILDT	11.89	15.66	NA
PAT	8.88	12.90	NA
Overall gearing (times)	0.36	0.29	NA
Interest coverage (times)	8.37	11.11	NA

Standalone financial of PECC

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	11MFY24 (UA)
Total operating income	20.78	53.42	25.36
PBILDT	3.71	7.55	NA
PAT	1.65	6.23	NA
Overall gearing (times)	1.36	0.71	NA
Interest coverage (times)	6.19	10.56	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

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*
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	4.00	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 (01-Apr-24)	-	1)CARE BB+; Stable (28-Mar-23) 2)CARE BB+; Stable (04-Apr-22)	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	4.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	1)CARE BB+; Stable / CARE A4+ (01-Apr-24)	-	1)CARE BB+; Stable / CARE A4+ (28-Mar-23) 2)CARE BB+; Stable / CARE A4+ (04-Apr-22)	-

*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: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	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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