

Patel Steeltech Private Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	35.85	CARE BBB; Stable	Assigned
Long-term / Short-term bank facilities	15.00	CARE BBB; Stable / CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Patel Steeltech Private Limited (PSPL) is underpinned by strong parentage of Patel Infrastructure Limited (PIL; rated CARE A-; Stable/ CARE A2+); with PSPL being a wholly owned subsidiary of PIL and also having operational linkages with PIL after becoming operational. The rating factors in the favourable demand outlook due to the thrust of the government on infrastructure development and proposed creation of debt service reserve account (DSRA) equivalent to one-quarter of debt servicing obligations. CARE Ratings Limited (CareEdge Ratings) also take cognisance of irrevocable, unconditional and enforceable corporate guarantee extended by PIL until the final settlement date.

The rating strengths are However hampered by the inherent project implementation and stabilisation risk associated with timely completion of the project and inherent interest rate risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion of the project within envisaged cost parameters.
- Achievement of envisaged scale of operations and profitability while maintaining the envisaged capital structure.

Negative factors

- Significant delay in project completion beyond stipulated timelines.
- Non-adherence to sanctioned terms or delay in receipt of support from PIL.
- Significant deterioration in the credit profile of PIL.

Analytical approach: Standalone factoring in parentage of the sponsor, PIL

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectation that PSPL shall benefit from the parentage of PIL with operational linkages, thereby ensuring revenue visibility going forward due to partial captive consumption by PIL

Detailed description of key rating drivers:

Key strengths

Parentage of PIL

PSPL is a wholly owned subsidiary of PIL, a Gujarat-based limited company engaged in construction of road/bridge and building/office complexes on engineering, procurement and construction (EPC) basis. In addition to construction of road on EPC basis, PIL also undertakes construction of road on build-operate-transfer (BOT) basis. PIL currently has a portfolio of three BOT projects including two under-construction NHAI hybrid annuity model (HAM) projects and one operational annuity project from Government of Gujarat (GoG).

PIL is accredited "AA class" (highest in the scale of AA to E) contractor status by Road & Building (R&B) department, Government of Gujarat (GoG) for execution of roads, flyovers, bridges and buildings. The parentage of PIL ensures need-based financial support to PSPL thereby providing comfort from the credit perspective. PIL has also extended irrevocable, unconditional and enforceable corporate guarantee to fund any shortfall in the company's debt servicing obligations.

Strategic operational linkages with promoters

PSPL is a wholly owned subsidiary of PIL and acts as a backward integration for PIL for supply of critical engineering products on time and maintaining the required quality. Around 20% of the production capacity of PSPL is envisaged to be utilised for captive

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

consumption by PIL for its projects in the long term. Operational linkages with PIL, which has a large outstanding order book of ₹10,953 crore as on January 31, 2025, provide adequate medium-to-long term revenue visibility to PSPL.

Various initiatives undertaken by the Government of India (GOI) to improve prospects of the infrastructure sector

PSPL is engaged in manufacturing bridge expansion joints, elastomer bearings, metallic bearing, geo strap and geo cells which find use in the infrastructure sector mainly in the construction of road and bridges. Hence, an increase in the construction of roads and bridges across India shall fuel the growth of ancillary producing companies such as PSPL. The infrastructure sector is a key driver responsible for propelling India's overall development and it enjoys intense focus from the government for initiating policies that would ensure time-bound creation of world-class infrastructure in the country. The GoI is expected to invest highly in the infrastructure sector, mainly highways, renewable energy, and urban transport.

Favourable capital structure

PSPL's capital structure is favourable with requirement of creation and maintenance of DSRA equivalent to three months debt servicing requirement (interest and principal payment) before date of commencement of commercial operation (DCCO) and availability of one year moratorium period from achievement of DCCO.

Key weaknesses

Project implementation and stabilisation risk associated with on-going project

PSPL is implementing greenfield project for manufacturing bridge expansion joints, elastomer bearings, metallic bearing, geo strap and geo cells at Anand, Gujarat. The project achieved financial closure at ₹48.57 crore which shall be funded through term loan of ₹35.85 crore, equity share capital of ₹8.74 crore and remaining through unsecured loans. Till March 31, 2025, PSPL incurred ₹10.25 crore to the project. With 79% costs yet to be incurred, project completion and stabilisation risk persists.

Interest rate risk

PSPL shall remain exposed to variations in interest rate in the repayment period on the debt availed, owing to interest rate resets which will be carried out by the lender periodically. As a result, steep increases in interest rate will subject the company to lower profitability.

Liquidity: Adequate

PSPL is envisaged to generate adequate liquidity marked by envisaged cash accruals of ₹ 9-10 crore over FY27 against term loan repayment obligations of ~₹3.40 crore in FY27. DSRA sufficient to cover one quarter of debt and interest obligations shall be required to be created before receipt of DCCO. PSPL has access to need based support from parent, PIL which provided added comfort.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Other construction materials	Other construction materials

PSPL was incorporated by Arvind Patel and Pravin Patel on March 05, 2025 (directors of PIL). Later, PIL acquired 100% shareholding from promoter directors and PSPL is now wholly owned subsidiary of PIL. This greenfield project is a

manufacturing facility in Anand, Gujarat for producing expansion joints, elastomeric/metallic bearings, geo cells, and geo straps. These products will enable the company to support infrastructure projects, particularly in the railways and roads sectors. The components being proposed to be manufactured in the company are the ones which the holding company, Patel Infrastructure Limited (PIL) uses in laying of roads and building bridges and hence in a way this will be a backward integration of the group's existing activity. The project is in the under-construction phase. The project's total cost is ₹48.56 crore to be funded by equity infusion of ₹12.71 crore, term debt of ₹3.85 crore and balance from unsecured loans from promoters/directors of ₹8.74 crore.

Brief financials: Not applicable as it is project stage entity.

Status of non-cooperation with previous CRA: Not applicable

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-Term Loan		-	-	30-06-2031	35.85	CARE BBB; Stable
Fund-based-LT/ST		-	-	-	15.00	CARE BBB; Stable / CARE A3

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 2025-2026	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
1	Fund-based-LT/ST	LT/ST	15.00	CARE BBB; Stable / CARE A3				
2	Fund-based - LT-Term Loan	LT	35.85	CARE BBB; Stable				

LT: Long 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-Term Loan	Simple
2	Fund-based-LT/ST	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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