Press Release

Tirupati Build-Con Private Limited

April 01, 2025

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	43.47	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Negative ISSUER NOT COOPERATING* (IVR Triple B Minus with Negative Outlook, Issuer Not Cooperating)	Rating Reaffirmed Outlook revised and removed from Issuer Not Cooperating category	Simple
Long Term Bank Facilities	184.96	IVR A3 (IVR A Three)	IVR A3, ISSUER NOT COOPERATING (IVR A Three, Issuer Not Cooperating)	Rating Reaffirmed and removed from Issuer Not Cooperating category	Simple
Total	**228.43 (INR Two hundred twenty-eight crore and forty-three lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has removed the ratings assigned to the bank facilities of Tirupati Build-Con Private Limited (TBPL) from Issuer Not Cooperating category based on adequate information received from the company to review its ratings.

The reaffirmation in the ratings assigned to the bank facilities of TBPL is driven by stable business performance of the company in FY24 [FY refers to the period from April 01 to March 31] and in 10M FY25 underpinned by better execution of work orders with satisfactory profitability coupled with comfortable capital structure with healthy debt coverage indicators. Further, the ratings continue to derive comfort from experienced promoters of the company and proven project execution capability along with reputed clientele base albeit customer concentration. The ratings also positively note TBCPL's healthy order book giving satisfactory revenue visibility in the near to medium term with presence of escalation clause in the contracts. However, these rating strengths remain constrained by the working capital-intensive nature of its operations marked by elongated operating cycle, exposure to geographical concentration risk, susceptibility of profitability to volatile input prices coupled with presence in a highly competitive industry and tender driven nature of the business operation.

The stable outlook reflects expected stable business performance of the company in the near to medium term backed by steady execution of its order book supported by experienced promoters.

Key Rating Sensitivities:

Upward factors

- Substantial and sustained growth in scale of operations with improvement in profitability and cash accrual on a sustained basis and consequent improvement in liquidity
- Sustenance of the capital structure with improvement in debt protection metrics with interest coverage to remain over 4x
- Improvement in the operating cycle with improvement in the receivable period leading to improvement in liquidity.
- Diversification in regional presence

Downward Factors

- Moderation in operating income and/or profitability and cash accrual impacting the debt protection metrics on a sustained basis.
- Deterioration in overall gearing to over 1x and/or moderation in interest coverage ratio to below 2.5x
- Increase in working capital intensity impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Long track record of operation under experienced promoters

Mr. Padam Kumar Singhania, M.com and LLB by qualification, Managing Director and the promoter of the company has rich professional experience of more than 35 years in the construction industry. This apart, he is assisted by other director Mr. Harshvardhan

Singhania & other family members namely Mr. Aakashdeep Singhania and Mr. Adityavikram Singhania and a team of experienced personnel. Long experience of the promoters in construction industry has led to the established position of the company in Madhya Pradesh and Chhattisgarh region.

Proven project execution capability

TBPL was established in the year 1983 by Mr. Padam Kumar Singhania as a partnership firm which was engaged in infrastructure development projects. Later, in the year 2003, TBPL was converted to private limited company. TBPL is registered as Class I-A contractor with PWD of Madhya Pradesh and Chhattisgarh has a satisfactory contract three completion track record. Being in civil construction works since 1983, TBPL, has a considerable experience and a proven track record. The repeat orders received from its clientele validate its construction capabilities.

Reputed clientele albeit customer concentration

The company is engaged in civil construction, and it majorly undertakes the EPC projects for the PWD, Water Resources Department of Madhya Pradesh and Chhattisgarh, Madhya Pradesh Road Development Corporation and NHAI. Since majority of the projects are funded under Government departments, imparts comfort with low counterparty risk.

Healthy order book giving visibility to revenue in the medium term with presence of escalation clause in the contracts

TBPL has a satisfactory order book position comprising multiple contracts aggregating to Rs.532.00 crore as on January 31, 2025, which is around 2.50 times of its FY24 revenue. Further, the orders are expected to be completed in coming 12-18 moths reflecting satisfactory medium term revenue visibility. Apart from the unexecuted orderbook, TBPL has been declared L1 for contract aggregating to ~Rs.196 crore. Further, the orders for which the company bids for, has the cost escalation clause for raw materials and labour are in place. Thus, it shields the company from raw material and price movements and maintains the margin to an extent. Accordingly, impact of raw material price increase is mitigated to an extent. In all current contracts, the company have cost escalation clause in place.

Stable business performance

The total operating Income (TOI) of TBPL has witnessed an erratic trend over the past couple of years. Pending approvals from different government authorities regarding land acquisition and design approval consecutively had affected the revenue booking and realization during FY23. However, in FY24 since all the approvals are received, backed by better execution of the work orders, the topline of TBPL has improved to Rs.212.93 crore in FY24 against Rs.161.15 crore in FY23. EBITDA margin though slightly moderated, continues to remain satisfactory at 13.47% in FY24 as compared to 14.71% in FY23. Despite the improved EBITDA, owing to higher finance cost, PAT margin has slightly improved and stood at 4.26% in FY24 against 4.22% of FY23. In the present fiscal, till Feb 2025, TBPL has booked revenue of ~Rs.165 crore. The operating revenue of the company is expected to be in the range of ~Rs.190-200 crore in FY25 with stable profitability.

Comfortable capital structure with healthy debt coverage indicators

The capital structure of the company had remained comfortable on the past three account closing dates owing to its healthy adjusted net worth base which stood at Rs.215.37 crore as on March 31, 2024, after adjusting its investments in group entities amounting to Rs.12.30 crore. With low reliance on external borrowings, the adjusted overall gearing of TBPL continues to remain comfortable at 0.17x as on March 31, 2024. Overall indebtedness as reflected by TOL/ATNW also stood satisfactory at 0.65x as on March 31, 2024, against 0.69x as on March 31, 2023. Notwithstanding the increased EBITDA, owing to the higher finance cost in FY24, debt protection metrics marked by interest coverage ratio has marginal moderated from 2.94x in FY23 to 2.85x in FY24. However, Total Debt/EBITDA and Total Debt/GCA have improved and continues to remain comfortable at 1.25x and 2.33 years respectively as on March 31, 2024, against 1.85x and 3.05 years of FY23.

Key Rating Weaknesses:

Susceptibility of profitability to volatile input prices

Major raw materials used in construction activities are steel and cement which are usually sourced from large players at proximate distances. The input prices are generally volatile and consequently the profitability remains susceptible to fluctuation in input prices. However, presences of escalation clause in most of the contracts imparts comfort to an extent.

Presence in a highly competitive industry and tender driven nature of the business

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainty is dependent on the ability to successfully bid for the tenders as entire business is tender based. The domestic infrastructure/construction sector is highly fragmented with presence of many players with varied statures & capabilities. Boom in the infrastructure sector, a few years back, resulted in increase in the number of players. While the competition is perceived to be healthy, significant price cut by few players during the bidding process is a matter of serious concern for the users with respect to quality of output.

Geographical concentration risk

The company participates in tender and executes its projects service to various departments only in the states of Madhya Pradesh and Chhattisgarh. Hence, geographical diversification is limited.

Working capital intensive nature of business

The operation of the company is highly working capital intensive due to long term nature of contract as a huge amount of money is blocked as retention money which are released only after the completion of certain stage of work. The operating cycle of the company though slightly improved to 272 days in FY24 as against 287 days in FY23, continues to remain elongated. Further, the average working capital utilization remained moderate at ~89% during last 12 months ended January 2025, which imparts moderate liquidity buffer.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies

Criteria of assigning rating outlook

Policy on Default Recognition and Post-Default Curing Period

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria on Complexity

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate in the near term marked by its expected adequate cash accruals as against its debt repayment obligations. The company is expecting to generate cash accruals in the range of ~Rs.13-18 crore during FY25-FY27 which would be sufficient to pay off its nominal debt repayment obligations during the aforesaid period. Further, on the back of its comfortable capital structure, the company has adequate gearing headroom, and the current ratio also stood comfortable at 2.17x as on March 31, 2024. However, high average working capital utilisation which stood ~89% during last 12 months ended January 2024 imparts moderate liquidity buffer.

About the Company

Tirupati Build-Con Private Limited (TBPL) was established in the year 1983 as a Partnership company by Mr. Padam Kumar Singhania along with other partners. Later, in the year 2003, the company was incorporated and rechristened as TBPL. The company is based in Madhya Pradesh; however, registered office is located in Kolkata, West Bengal. The company is registered as Class I-A contractor with PWD of Madhya Pradesh and Chhattisgarh and engaged in civil construction works like roads, bridge, irrigation projects for Public Works Department (PWD) and Water Resource Department of Government of Madhya Pradesh and Chhattisgarh. This apart, the company also takes projects of Ministry of Road Transport & Highways (MORTH), National Highway Authority of India (NHAI), Madhya Pradesh Power Generation Authority Limited, Madhya Pradesh Rural Road Development Corporation, etc. Day to day affairs of the company is look after by Mr. Padam Kumar Singhania, Managing Director, along with other director Mr. Harshvardhan Singhania and a team of experienced personnel

Financials of Tirupati Build-Con Private Limited (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	161.15	212.93
EBITDA	23.71	28.68
PAT	6.87	9.09
Total Debt	43.92	35.84
Tangible Net worth	218.63	227.67
Tangible Net worth (Adjusted)	206.33	215.37
EBITDA Margin (%)	14.71	13.47
PAT Margin (%)	4.22	4.26
Overall Gearing Ratio (x) (Adjusted)	0.21	0.17
Interest Coverage	2.94	2.85

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2022-23
					Dec 06, 2024	Oct 11, 2023	July 19, 2022	May 13, 2022
1.	GECL	LT	3.47	IVR BBB-/ Stable	IVR BBB-/ Negative, INC	IVR BBB/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
2.	Cash Credit	LT	25.00	IVR BBB-/ Stable	IVR BBB-/ Negative, INC	IVR BBB/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
3	Cash Credit (Proposed)	LT	15.00	IVR BBB-/ Stable	IVR BBB-/ Negative, INC	IVR BBB/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
4.	Bank Guarantee	ST	103.00	IVR A3	IVR A3 INC	IVR A3+	IVR A2	IVR A2
5.	Bank Guarantee (Proposed)	ST	77.00	IVR A3	IVR A3 INC	IVR A3+	IVR A2	IVR A2
6.	Proposed	ST	4.96	IVR A3	-	-	-	-
7.	Proposed	LT/ ST	-	-	-	-	IVR BBB+/ Stable/A2	IVR BBB+/ Stable/A2

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [formerly Infomerics Valuation and Rating Private Limited] 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 7 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 indepth 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. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
GECL	-	-	Dec 2026	3.47	IVR BBB-/ Stable
Cash Credit	-	-	-	25.00	IVR BBB-/ Stable
Cash Credit (Proposed)				15.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	103.00	IVR A3
Bank Guarantee (Proposed)				77.00	IVR A3
Proposed Non-Fund Based	-	-	-	4.96	IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-tirupati-buildcon-apr25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis:

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