



## Press Release

### Greenworth Infrastructure Private Limited [GIPL]

January 07, 2021

Sl. No.	Facilities	Amount (INR Crore)	Current Ratings	Rating Action
1	Long Term Fund Based Facilities – Cash Credit	15.00 (Enhanced from INR 10.00 Cr)	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	<b>Reaffirmed</b>
2	Short Term Non- Fund Based Facilities – Bank Guarantee	45.00 (Enhanced from INR 10.00 Cr)	IVR A4+ (IVR Single A Four Plus)	<b>Reaffirmed</b>
3	Short Term Fund Based Facilities – Bill Discounting	2.00	IVR A4+ (IVR Single A Four Plus)	<b>Assigned</b>
4	Long Term Fund Based Facilities -Guaranteed Emergency Credit Line	3.87	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	<b>Assigned</b>
5	Long Term Fund Based- COVID Funded Interest Term Loan	0.78	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	<b>Assigned</b>
6	Proposed Long Term Fund based- Cash Credit	0.35	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)	<b>Assigned</b>
7	Proposed Short Term Fund Based –Bill Discounting	10.00	IVR A4+ (IVR Single A Four Plus)	<b>Assigned</b>
	<b>Total</b>	<b>77.00</b>		



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### **Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The rating continues to derive strength from Experienced Promoters in infrastructure & Construction sector, Healthy track record of completing key projects in Kerala, Healthy Order book, and Comfortable gearing. However, the rating strengths are partially offset by modest profitability margins, Elongated Gross Working Capital Cycle, Geographical Concentration risk, Exposure to competitive segment

#### **Key Rating Sensitivities:**

##### **Upward Factor**

- Significant improvement in scale of operation & profitability leading to sustained improvement in debt protection metrics could lead to a positive rating action

##### **Downward Factor**

- Any decline in scale of operations and/or profitability leading to deterioration in debt protection metrics or liquidity could lead to a negative rating action

#### **Key Rating Drivers with detailed description**

##### **Key Rating Strengths**

##### ***Experienced Promoters in infrastructure & Construction sector***

Greenworth Infrastructures Private Limited (GIPL) is a Cochin based Construction Company promoted by Mr. K.J. Paul, P.J. Jacob and Mr. P.J. George. Even though the company has been formed in the year 2010, the promoters jointly have more than 50 years of experience in the field of construction and infrastructure development and the healthy track record of completing several key projects in construction sector.

##### ***Healthy track record of completing key projects in Kerala***

The vast experience of the promoters has assisted the company in better liaising with government departments resulting in the company successfully bidding for various government contracts. A long track record of the promoter's involvement in construction operation has also helped the company in achieving 'A' registration with the Kerala Public Works Department (PWD).



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### ***Healthy Order book***

The company had an unexecuted order book position (Rs. 289.63 crore as of 30<sup>th</sup> November, 2020) with orders across 12 contracts which is about 4.41 times its FY20 revenue (i.e. Rs. 65.75 crores). The order book is diversified among residential, corporate and commercial projects. Most of the projects are with Government entity which provides clear revenue visibility in the near to medium term with limited counterparty risk

### ***Comfortable gearing***

Long term debt equity ratio of the company was comfortable at 0.55x as on March 31, 2020, when we see the nature of business the company is involved into. Overall gearing ratio also stands comfortable at 0.97x in FY20. Other debt coverage indicators have also improved in the last three years.

### ***Key Rating Weaknesses***

#### ***Modest profitability margins***

The profitability margins of the company are moderate. The PAT margin has improved in the last two years after remaining in the range of 1% -3% in FY16 and FY17. However, the profitability margins have improved in FY18 and FY19 and stood in the range of 4-5%. There is a decline in the PAT margin in FY20 Provisional due to decline in sales leading to proportionately lower absorption of fixed cost. Operating revenue decline in FY20 due to disruption caused by Covid-19 in the last quarter of FY20. Revenue is expected to improve in FY21 due to scheduled execution of outstanding order book.

#### ***Elongated Gross Working Capital Cycle***

Working capital requirement is inherently large in the EPC industry given the high dependence on state and central government authorities for timely receipt of payments. Gross working capital days have increased in FY20 and stood at 101 days mainly due to increase in average inventory days from 29 days in FY19 to 83 days in FY20 arising due to nationwide lock down.



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### ***Geographical Concentration risk***

The company is engaged in the business of infrastructure development. GIPL has so far executed various projects especially improving the riding quality by re-surfacing and widening of roads in Kerala only and it has majority of upcoming projects in Kerala.

### ***Exposure to competitive segment***

The sector is marked by intense competition with a large number of players and has low entry barriers. The company is engaged in the business of road infrastructure work for government departments. Furthermore, the high competitive intensity in this segment might result in aggressive bidding for the projects, thereby impacting profitability margins of the company

### **Analytical Approach & Applicable Criteria:**

Standalone Approach

Methodology for Infrastructure Sector Companies

Financial Ratios & Interpretation (Non-financial Sector)

### **Liquidity: Stretched**

Stretched liquidity is characterized by tightly match gross cash accruals against repayment obligation in the short term. Liquidity is further reflected by current ratio of 1.14x in FY20 and average working capital utilization of 94.04% for the last twelve months ended Oct-20.

### **About the Company**

Greenworth Infrastructures Private Limited (GIPL) is a Cochin based construction company that was incorporated in 2010. It is promoted by Mr. K.J. Paul, P.J. Jacob and Mr. P.J. George who have more than five decades of collective experience in the construction sector. Greenworth has a class 'A' registration with the Kerala Public Works Department (PWD). The company primarily undertakes road construction but also have capabilities to undertake building and bridge constructions. The company has so far executed various projects especially improving the riding quality by re-surfacing and widening of roads. The Company makes use of state-of-the-art technology in its operations which has tremendously improved the riding quality of roads.



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### Financials: (Standalone)

(INR Crore)

For the year ended/ As On*	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	80.98	65.75
EBITDA	8.39	8.25
PAT	4.50	2.00
Total Debt	28.32	23.79
Tangible Net-worth	18.50	20.50
EBITDA Margin (%)	10.37	12.55
PAT Margin (%)	5.45	3.02
Overall Gearing Ratio (x)	1.53	1.16

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** ICRA Ratings in its press release published on July 28, 2020 has reaffirmed the case under Issuer Not Cooperating status on account of non-submission of relevant information

**Any other information:** N.A.

### Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20 (November 06, 2019)	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Facilities – Cash Credit	Long Term	15.00	IVR BB +/Stable Outlook	IVR BB+/Stable Outlook	--	--
2	Non-Fund Based Facilities – Bank Guarantee	Short Term	45.00	IVR A4 +	IVR A4 +	--	--
3	Fund Based Facilities – Bill Discounting	Short Term	2.00	IVR A4 +	--	--	-



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4	Fund Based Facilities - Guaranteed Emergency Credit Line	Long Term	3.87	IVR BB+/Stable Outlook	--	--	-
5	Fund Based- COVID Funded Interest Term Loan	Long Term	0.78	IVR BB+/Stable Outlook	--	--	-
6	Proposed Fund based- Cash Credit	Long Term	0.35	IVR BB+/Stable Outlook	--	--	-
7	Proposed Fund Based Facilities – Bill Discounting	Short Term	10.00	IVR A4 +	--	--	-

**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](http://www.infomerics.com).

**Name and Contact Details of the Rating Team:**

Name: Ms Himani Singhal

Name: Mr. Amit Bhuwania

Tel: (022) 62396023

Tel: (022) 62396023

Email: [hsinghal@infomerics.com](mailto:hsinghal@infomerics.com)

Email: [abhuaniania@infomerics.com](mailto:abhuaniania@infomerics.com)

**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Size of Facility (INR Crore)	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Cash Credit	15.00	NA	NA	--	IVR BB+/Stable Outlook
Short Term Non- Fund Based Facilities – Bank Guarantee	45.00	NA	NA	--	IVR A4+
Short Term Fund Based Facilities – Bill Discounting	2.00	NA	NA	--	IVR A4+
Long Term Fund Based Facilities - Guaranteed Emergency Credit Line	3.87	NA	NA	4 years	IVR
Long Term Fund Based-COVID Funded Interest Term Loan	0.78	NA	NA	Upto March 2021	IVR BB+/Stable Outlook
Proposed Long Term Fund based- Cash Credit	0.35	NA	NA	--	IVR BB+/Stable Outlook
Proposed Short Term Fund Based Facilities – Bill Discounting	10.00	NA	NA	--	IVR A4+