

Press Release

16 March, 2017

Progressive Civil Construction Co Private Limited

Rating Assigned

Total Bank Facilities Rated *	Rs.13.00 Cr.
Long Term Rating	SMERA BB/ Outlook: Stable
Short Term	SMERA A4+

Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 13.00 crore bank facilities of Progressive Civil Construction Co Private Limited. The outlook is '**Stable**'.

Progressive Civil Construction Co Private Limited (PCCCPL) was established in 1976 as a partnership firm and converted into private limited in 1988. The company is led by Mr. Chandrakant M Abhang, Mr. Uday.C Abhang and Ms. Ashlesha.C Abhang. The promoters have extensive experience in the execution of infrastructure projects as Class-A1 contractor registered with the central government and PWD of Maharashtra. PCCCPL is engaged in the construction of bridges, flyovers and undertakes civil work.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

PCCCPL was established in 1976 as a partnership firm and subsequently converted into private limited. The promoters have more than four decades of experience in the execution of civil construction work.

- **Association with government organisations**

PCCCPL has executed projects for the Central Government, PWD Maharashtra and other entities. Being government entities, the counter-party default risk is minimal. It also caters to a few private companies like Johnson & Johnson, Asian paints and L&T. The company has been able to establish long-standing relationship with its clients owing to the promoter's extensive industry experience and timely execution of projects,

- **Healthy order book position**

The company has a healthy order book position marked by orders in hand of Rs. 111.03 cr as on date. Further, orders worth Rs.41.54 cr are under advanced stage of negotiations.

- **Healthy financial risk profile**

PCCCPL has a healthy financial risk profile. The company has low gearing of 0.41 times as on 31st March 2016 as compared to 0.46 times as on 31st March 2015. The total debt mainly consists of

working capital borrowings. PCCCPL has healthy coverage indicators with interest coverage ratio (ICR) of 4.54 times in FY2016 and 5.28 times in FY2015.

Weaknesses

- **Moderate scale of operations**

The scale of operations are moderate despite the company being in the business for the last four decades. The company has achieved operating income of Rs. 26.85 cr in FY 2015-16 as compared to Rs.36.71 cr in FY2014-15. The decline in revenue is because the company is yet to receive payments from the Ministry of Defence. Being a civil contractor, the revenue depends on the number of successful bids and tenders released in the financial year.

- **Competitive and fragmented industry**

The company is exposed to intense market competition in the industry. Besides, the business is tender based. However, the risk is mitigated to a certain extent considering the long track record of three decades in the industry.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of the company to arrive at the rating.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to Positive in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to Negative in case of lower-than-expected growth in revenues and profitability, deterioration in the financial risk profile or higher than expected working capital requirements.

About the Rated Entity - Key Financials

In FY2015-16, the company reported profit after tax (PAT) of Rs.1.14 cr on operating income of Rs.26.85 cr against PAT of Rs.1.44 cr on operating income of Rs.36.71 cr in the previous year. The net worth stood at Rs.11.85 cr as on 31 March 2016 as against Rs.10.70 cr as on 31 March 2015.

Status of non-cooperation with previous CRA (if applicable)

CARE has suspended, with immediate effect (December 30, 2016), the rating assigned to the bank facilities of Progressive Civil Construction Co. Pvt. Ltd. The rating has been suspended as the company has not furnished the information required by CARE for monitoring of the rating.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA A4+

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ABOUT SMERA

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