

Press Release

GPT Infraprojects Limited

July 05, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	221.79	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	343.21	-	ACUITE A3 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	565.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of 'ACUITE BBB-' (read as ACUITE triple B minus) and the short term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs. 565.00 crore bank facilities of GPT Infraprojects Limited (GPTIL). The withdrawal is on account of client's request and receipt of NOC from the lead banker. The withdrawal is in accordance with Acuite's policy on withdrawal of rating.

About the Company

Incorporated in 1980, GPT Infraprojects Limited is a West Bengal based company engaged in civil construction and manufacturing of concrete sleeper for Railways. The company commenced manufacturing of concrete sleepers in 1982 and currently has an installed capacity of 8,80,000 units per annum. The manufacturing units of the company are located at Panagarh in West Bengal, Ikari and Pahara in Uttar Pradesh, South Africa and Namibia. Subsequently, in 2004, the company commenced execution of civil infrastructure projects for roads, bridges, highways, railways mainly in Eastern and Northern India. The company is currently managed by Mr. Dwarika Prasad Tantia, Chairman, Mr. Shree Gopal Tantia, Managing Director, Mr. Atul Tantia, Executive Director and CFO, Mr. Vaibhav Tantia, Director and COO.

Analytical Approach

Acuite has considered the consolidated business and financial risk profiles of GPTIL and its subsidiary, GPT Concrete Products South Africa (Pty.) Limited to arrive at this rating. Extent of consolidation: Full.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The company has a long execution track record of over three decades in the manufacturing of concrete sleepers and sixteen years in the civil construction business with an established

track record of projects related to Railway Bridges. The company is the flagship company of the GPT Group. GPT Group consists of the other three companies, GPT Healthcare Private Limited, GPT Castings Limited and GPT Sons Private Limited. The key promoters, Mr. Dwarika Prasad Tantia, Chairman, Mr. Shree Gopal Tantia, Managing Director, Mr. Atul Tantia, Executive Director and CFO and Mr. Vaibhav Tantia, Director and COO are actively involved in the day to day operations of the company and are backed by a team of experienced professionals from the infrastructure industry. Acuité believes its established market presence and extensive experience of the promoters in the civil construction industry have helped them to get repeat orders from government agencies and that is expected to sustain going forward.

Above average financial risk profile

The company's above average financial risk profile is marked by high networth, low gearing and moderate debt protection metrics. The tangible net worth of the company improved to Rs.251.60 crore as on March 31, 2022 from Rs.236.65 crore as on March 31, 2021 due to accretion of reserves. Gearing of the company stood low at 1.04 times as on March 31, 2021 as against 1.11 times as on March 31, 2021. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.83 times as on March 31, 2022 as against 2.02 times as on March 31, 2021. The moderate debt protection metrics of the company is marked by Interest Coverage Ratio at 2.35 times as on March 31, 2022 and Debt Service Coverage Ratio at 1.71 times as on March 31, 2022. Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.17 times as on March 31, 2022. Acuité believes that going forward the financial risk profile of the company will remain comfortable backed by steady accruals.

Steady growth in operating income

The company has achieved revenues of Rs.674.52 Cr in FY2022 as compared to revenues of Rs.609.24 Cr in FY2021. However the operating margin of the company declined to 13.00 per cent in FY2022 as compared to 14.23 per cent in the previous year, due to increase in input prices. The PAT margins stood at 3.40 per cent in FY2022 as against 3.36 per cent as on FY2021. The ROCE levels stood at a comfortable level of about 14.03 per cent in FY2022 as against 14.55 per cent in FY2021.

Weaknesses

Working capital intensive nature of operations

The working capital intensive nature of operations of the company is marked by high Gross Current Assets (GCA) of 276 days as on March 31, 2022, as compared to 295 days as on 31st March 2021. Further, the inventory holding stood moderate at 69 days as on 31st March 2022 as compared to 66 days as on 31st March 2021. However, the debtor period improved to 34 days as on 31st March 2022 as compared to 54 days as on 31st March 2021. Acuité believes that the working capital operations of the company will remain almost at the same levels due to inherent nature of the business over the medium term.

Competitive and fragmented nature of industry

With increased focus of the central government on the infrastructure sector, GPTIL is expected to reap benefits over the medium term. However, most of its projects are tender-based and face intense competition, which may hence require it to bid aggressively to get contracts. Competition can intensify further due to the recent relaxation in bidding norms by NHA and the Ministry of Road Transport & Highways (MoRTH). Also, given the cyclicity inherent in the construction industry, the ability to maintain profitability margin through operating efficiency becomes critical.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position: Adequate

Acuité notes that the company has an adequate cushion in its debt repayments, as the company's net cash accruals stood at Rs.43.25 crores in March 31, 2022. The current ratio stood moderate at 1.38 times as on March 31, 2022 and the company maintains unencumbered cash and bank balances of Rs.3.31 crore as on March 31, 2022. However, the company's working capital intensity is reflected from its high gross current asset (GCA) of 276 days in FY2022. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	674.52	609.24
PAT	Rs. Cr.	22.94	20.48
PAT Margin	(%)	3.40	3.36
Total Debt/Tangible Net Worth	Times	1.04	1.11
PBDIT/Interest	Times	2.35	2.34

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

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
	Cash Credit	Long Term	30.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	28.21	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Long Term	0.14	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	37.50	ACUITE A3 (Reaffirmed)

06 Aug 2021	Bank Guarantee	Short Term	85.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	2.40	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	57.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	15.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	24.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	17.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	57.50	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	5.75	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	40.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB- Stable (Reaffirmed)
	04 Aug 2020	Bank Guarantee	Short Term	343.21
Term Loan		Long Term	11.65	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long		ACUITE BBB- Stable (Assigned)
	Proposed Bank Facility	Long Term	210.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	85.00	ACUITE A3 Reaffirmed & Withdrawn
Standard Chartered Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A3 Reaffirmed & Withdrawn
UCO Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A3 Reaffirmed & Withdrawn
Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A3 Reaffirmed & Withdrawn
IDBI Bank Ltd.	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	37.50	ACUITE A3 Reaffirmed & Withdrawn
Indian Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE A3 Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	57.50	ACUITE A3 Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	28.21	ACUITE A3 Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A3 Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	57.50	ACUITE BBB- Reaffirmed & Withdrawn
Standard	Not		Not	Not	Not		ACUITE BBB-

Chartered Bank	Applicable	Cash Credit	Applicable	Applicable	Applicable	20.00	Reaffirmed & Withdrawn
UCO Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB- Reaffirmed & Withdrawn
IDBI Bank Ltd.	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	17.50	ACUITE BBB- Reaffirmed & Withdrawn
Indian Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE BBB- Reaffirmed & Withdrawn
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB- Reaffirmed & Withdrawn
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	26.00	ACUITE BBB- Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.14	ACUITE BBB- Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Term Loan	16-07-2020	7.25	31-07-2022	5.75	ACUITE BBB- Reaffirmed & Withdrawn
UCO Bank	Not Applicable	Term Loan	31-07-2020	7.85	31-07-2022	1.00	ACUITE BBB- Reaffirmed & Withdrawn
Indian Bank	Not Applicable	Term Loan	02-03-2021	8.30	28-02-2026	2.40	ACUITE BBB- Reaffirmed &

Bank of India	Not Applicable	Term Loan	14-08-2020	7.60	31-08-2022	1.00	withrawn ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Term Loan	18-07-2020	7.60	31-07-2022	1.50	ACUITE BBB- Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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