

June 30, 2025

Bluegrass Technologies Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer Rating	-	-	[ICRA] BB+ (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation of Bluegrass Technologies Private Limited (BTPL) factors in the extensive experience of its promoters in installation of pipelines by Horizontal Directional Drilling (HDD) for energy and industrial sectors. The rating also favourably factors in the moderate revenue visibility in the form of order book worth ~Rs. 163 crore as on March 31, 2025 with a reasonably reputed clientele. The rating further draws comfort from BTPL's healthy profit margin (operating margin of 13-15% over the past three years) and comfortable debt coverage indicators (interest coverage ratio of 12.9 times and DSCR of 4.0 times on a provisional basis as on March 31, 2025). ICRA also noted the shift in the recently bagged orders from sub-contracting to direct, enhancing the company's capabilities and may also result in further margin growth.

The rating is, however, constrained by its moderate scale of operations, which is expected to gradually expand on the back of increasing total contract order value and its improving credentials to bid direct tenders. Besides, efficient execution of the outstanding order book remains vulnerable to delays in commencement/progression of the project owing to various reasons, which may be beyond the scope of the company. ICRA also notes the working capital intensive nature of operations on account of high receivables, which remained elevated as on March 31, 2025. Further, BTPL's operating margin remains vulnerable to the tough competition in the industry and the tender-driven nature of business. Going forward, the company's ability to judiciously manage its working capital cycle while scaling up its revenues and maintain adequate liquidity cushion remain important from the credit perspective.

The Stable outlook on the rating reflects ICRA's expectation that the company will maintain a comfortable debt protection metrics in the near-to-medium term, given the expected ramp-up in the scale of operations, supported by efficient execution of the orders in hand.

Key rating drivers and their description

Credit strengths

Longstanding experience of promoters in the industry; reputed clientele – Although the company was incorporated in 2007, it commenced horizontal directional drilling (HDD) operations in 2017. Both the promoters of the company, Mr. Sanjeevak Marwah and Vishal Ummat, have extensive experience in installation of gas/oil/water/ sewer pipelines by HDD for energy and industrial sectors. Further, Mr. Ummat, who oversees the company's day-to-day operations, has over 15 years of experience in HDD technology. Also, most of the contracts are from reputed public sector companies in the oil and gas industry, such as Indian Oil Corporation Ltd. (rated [ICRA]AAA(Stable)/A1+), Bharat Petroleum Corporation Limited (rated [ICRA]AAA(Stable)), GAIL India Limited (rated IND AAA(Stable)/A1+), Gujarat Narmada Valley Fertilizers & Chemicals Limited (rated Acuite AAA(Stable)/A1+) and Hindustan Petroleum Corporation Limited. Its other reputed principal clients include Larsen & Toubro Ltd and Corrtch International Ltd., among others.

Comfortable financial risk profile – BTPL's financial risk profile has remained comfortable over the past few years, ending in FY2025, supported by low reliance on external borrowings and healthy operating profitability. The company reported an

operating profit margin of 13.9% in FY2025 (provisional) and 14.1% in FY2024, reflecting efficient project execution. The coverage indicators remained robust, with an interest coverage ratio of 12.9 times and DSCR of 4.0 times in FY2025. In the absence of any significant debt-funded capital expenditure or investment plans, and with an expected modest growth in scale, ICRA expects the coverage metrics to remain comfortable over the near-to-medium term. While BTPL's financial risk profile remains comfortable, ICRA notes that it entered a transaction related to sale of some of its assets, worth Rs. 8-9 crore to an overseas client, the receipt of which is expected in July 2025. The same will remain a monitorable, going forward.

Credit challenges

Moderate scale of operations – BTPL's operating income declined to ~Rs. 109 crore in FY2025 (provisional), registering a YoY contraction of ~10%. The revenue moderation was primarily driven by delays in project execution, attributable to factors such as rights of way issues, locational constraints, and delays in the availability of pipes. These challenges resulted in a revenue spillover of around Rs. 30 crore to FY2026. The company's operations remain exposed to execution risks inherent in the construction industry, particularly those arising from external factors beyond its control. Nevertheless, ICRA expects BTPL's scale of operations to improve gradually over the near-to-medium term, supported by the gradual increase in the order inflow and execution of pending projects.

Working capital intensive operations – The company operates in a working capital-intensive industry and faces the risk of elongated receivable cycle due to milestone-based payment terms. There has been a notable build-up of receivables in FY2025 (NWC/OI of ~35% in FY2025 against ~19% or lower prior to FY2024), which is currently funded largely by the extended credit period from suppliers. This increase was primarily due to significant billing undertaken in February and March 2025. ICRA expects the receivable cycle to moderate in FY2026. Going forward, the company's ability to judiciously manage its working capital cycle and maintain adequate liquidity cushion remain important from the credit perspective.

Competitive industry, tender-driven nature of business – The tender-driven nature of contracts leads to stiff competition and constrains pricing flexibility. For BTPL, manpower, logistics along with certain consumables and tooling constitute significant costs (as the main pipe to be installed is provided by clients). The profit margins remain susceptible to volatility in these consumable costs, from the levels budgeted to the bidding rate. The company's ability to scale up its operations profitably through prudent bidding will be a key monitorable.

Liquidity position: Adequate

The company's liquidity is expected to be adequate with sufficient cash flow from operations to meet its debt servicing obligations. Further, its liquidity is supported by adequate cushion in the fund-based working capital limits with the overall utilisation of the same averaging at ~13% over the 12-month period ended in March 2025, resulting in an average cushion of Rs. 7.0 crore. This apart, the company maintained sufficient free cash balance of more than Rs. 2 crore as on March 31, 2025. Further, the company has term debt repayment of around Rs. 1.9 crore in FY2026 and Rs. 3.3 crore in FY2027, which are expected to be serviced comfortably through its internal accruals. The company is expected to incur Rs. 6-8 crore of the capex on addition of new machinery in FY2026, out of which Rs. 4-5 crore is expected to be funded through term loans and the remaining from internal accruals.

Rating sensitivities

Positive factors – BTPL's rating could be upgraded if the company demonstrates a sustained improvement in its scale of operations, supported by healthy order accretion, while maintaining strong profitability and coverage indicators.

Negative factors – Negative pressure on the BTPL's rating could arise if there is a decline in scale of operations and profitability margins due to slow fresh order addition or delays in execution. Further, the rating downgrade can be triggered in case of sustained stretch in the working capital cycle and/or any major debt-funded capex, which adversely impacts the company's leverage metrics and/or the liquidity position.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Bluegrass Technologies Private Limited (BTPL) is a Delhi-based company, specialising in installation of gas/oil/water/sewer pipelines by HDD for energy and industrial sectors. The company was established by Sanjeevak Marwaha and Vishal Ummat and it forayed into HDD in 2017. HDD is a technique of installing pipelines under natural or artificial obstacles using trenchless methods. The company has successfully completed installation of more than 36.0 km of pipeline of various diameter across a number of rivers, highways, rail tracks etc. in soft and rocky terrain, mainly on sub-contracting basis. BTPL has experienced engineers with experience in HDD field of more than 20 years.

It has completed HDD pipeline projects for Indian Oil Corporation, GAIL India, BPCL, HPCL, Mahanagar Gas Limited, L&T Hydrocarbon, IHB, PTT Thailand, Mersing Malaysia & Singapore, STS Oman among others.

Key financial indicators (audited/provisional)

BTPL	FY2024	FY2025*
Operating income	121.4	109.4
PAT	8.7	8.3
OPBDIT/OI	14.1%	13.9%
PAT/OI	7.1%	7.5%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	0.4	0.5
Interest coverage (times)	19.0	12.9

Source: Company, *provisional financials submitted by company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. crore

Note: All financial ratios as per ICRA's calculation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years							
	Type	Amount Rated (Rs Crore)	FY2026		FY2025		FY2024		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer	Long	-	Jun 30,	[ICRA]BB+	-	-	Mar 31,	[ICRA]BB+	-	-
Rating	Term	-	2025	(Stable)	-	-	2024	(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Issuer Rating	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer Rating	NA	NA	NA	-	[ICRA]BB+ (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

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