

Pan India Infraprojects Private Limited (Revised)

Instruments	Amounts	Rating Action
	(Rs. Crore)	
Long-term Loans	1,200.00	[ICRA]BBB (Stable) reaffirmed

ICRA has reaffirmed the [ICRA]BBB (pronounced ICRA triple B) rating assigned to the Rs. 1,200.0 crore¹ long-term loans of Pan India Infraprojects Private Limited (PIIPL)². The outlook on the rating is 'Stable'.

The rating reaffirmation takes into consideration the healthy scale up of the pending order book position to Rs. 6,453 crore as on May 30, 2016 from Rs. 4,629 crore as on December 31, 2014, comprising predominantly of large-sized road and transmission projects. Additionally, ICRA takes comfort from the financial closure obtained for most of these pending projects. However, ICRA notes that litigations involving a road project have impacted the revenue prospects of the company in the short term. The rating continues to factor in PIIPL's parentage by virtue of being part of the Essel group, the group's focus on the infrastructure sector and the support extended by the group companies to PIIPL. The rating also takes into account the explicit support from Essel Infraprojects Limited (EIL) which is the main holding company of the group in the infrastructure business, and the long-standing experience of key managerial and technical personnel in the road construction sector. ICRA also notes that EIL has sizeable contracts in the pipeline, materialisation of which is expected to boost the cash flows of PIIPL.

The rating however, continues to remain constrained by the high debt levels required for funding large-sized projects. Being the nodal EPC agency for the infrastructure business of the Essel group, PIIPL receives milestone-linked payments from the respective project special purpose vehicles (SPVs), but extends advances to the sub-contractors. This has necessitated high funding requirements for the company. However, the infusion of Rs. 750.00 crore of optionally convertible debentures by the group in PIIPL in FY2014 provided some comfort to the capital structure of the company.

Going forward, PIIPL's ability to execute the projects in a timely manner while managing its liquidity position remains critical from a credit perspective. Further, given the significant advances towards group ventures, PIIPL's ability to recover the same in a timely manner and receive funding support from group when required would be credit sensitive parameters.

Company Profile

Pan India Infraprojects Private Limited (PIIPL) is a part of the Essel Group and functions as the nodal Erection Procurement and Construction (EPC) agency for various projects undertaken by the group. PIIPL is engaged in sectors like roads, waste management, power distribution etc. The company was incorporated in 2000 as Pan India Infrastructures Private Limited (Pan India), a wholly owned subsidiary of Essel Infraprojects Limited (EIL), which is held entirely by Mr. Subhash Chandra and his family members. The erstwhile Pan India was merged into a group company – Essel Sports Private Limited (ESPL) in FY2013 and the new entity was rechristened PIIPL. Subsequently, PIIPL merged the operations of its wholly-owned subsidiary, namely, Essel Urban Infrastructures Private Limited (EUIPL) with itself in FY2014. PIIPL is held entirely by two entities which are directly or indirectly held by the promoters of the Essel group – Mr. Subhash Chandra and family members.

Recent Results

For the twelve months ended March 31, 2016 (provisional), PIIPL reported a profit after tax (PAT) of Rs. 44.09 crore on an operating income of Rs. 1,382.37 crore as against a PAT of Rs. 32.51 crore on an operating income of Rs. 1,142.75 crore for the twelve months ended March 31, 2015

July 2016

¹ 100 Lakh = 1 Crore = 10 Million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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