

10th June 2026

To
The Manager- Listing Department,
BSE Limited
P.J. Towers, Dalal Street, Fort,
Mumbai- 400001, Maharashtra, India.

Scrip ID/Code: Desco/544387

Subject: Intimation of Credit Rating under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Assigned by India Ratings & Research Private Limited

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that India Ratings & Research Private Limited has assigned the following credit rating to the Bank Loan Facilities of the Company:

Instrument	Rated Amount (In Million)	Rating
Bank Loan Facilities	110.00	IND BBB-/Stable/IND A3

A copy of the Credit Rating Report issued by India Ratings & Research Private Limited is enclosed herewith for your reference and records.

The information is also being uploaded on the website of Company at <https://descoinfra.co.in/stock-exchange-submissions.html>

Kindly take the same on record.

Thanking You,

**Yours faithfully,
For Desco Infratech Limited**

**Muskan Khandal
Company Secretary & Compliance Officer**

India Ratings Assigns Desco Infratech's Bank Loan Facilities 'IND BBB-'; Outlook Stable

Jun 09, 2026 | Desco Infratech Limited | Civil Construction

India Ratings and Research (Ind-Ra) has rated Desco Infratech Limited's (DIL) bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR110	IND BBB-/Stable/IND A3	Assigned

Analytical Approach

Ind-Ra has taken a standalone view of DIL to assign at the rating.

Detailed Rationale of the Rating Action

The rating reflects DIL's experienced promoters, established client relationships, and an improvement in revenue in FY26, supported by its robust and diversified order book. The rating is also supported by healthy EBITDA margins and comfortable credit metrics in FY26. Ind-Ra expects the company's operating performance to improve in the near to medium term, backed by the execution of existing order book and the expectation of new order inflows.

However, the rating is constrained by project execution risks due to external factors and exposure to segment and customer concentration risks.

List of Key Rating Drivers

Strengths

- Experienced promoter group with established track record
- Long association with reputed counterparties supports order inflows and business visibility
- Strong revenue growth and robust order book visibility
- Healthy EBITDA; moderation in margins
- Comfortable credit metrics

Weaknesses

- Risk in project execution
- Segment and customer concentration risk

Detailed Description of Key Rating Drivers

Experienced Promoter Group with Established Track Record: DIL is promoted by an experienced promoter group with a long track record in the gas distribution and infrastructure segment. The chairman and managing director, Pankaj Pruthu Desai, has over three decades of experience in the natural gas industry, which has supported the company's execution

capabilities, customer relationships, and expansion into adjacent infrastructure verticals. The promoter-led management has also enabled the company to build an established operating track record in city gas distribution (CGD)-related works and gradually diversify into power, water, and renewable energy infrastructure.

Long Association with Reputed Counterparties Supports Order Inflows and Business Visibility: The company has an established track record of working with reputed clients, such as Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL; ['IND AAA'/Stable](#)), Adani Total Gas Limited (ATGL), and other gas/infrastructure sector players. Leveraging its strong client base, the company has been able to expand into the power segment in FY26 and secure orders in this segment.

Strong Revenue Growth and Robust Order Book Visibility: The company's revenue increased 99.53% to INR1,186.13 million in FY26, driven by robust execution in the CGD and power segments. As of March 2026, the order book stood at INR3,397.16 million, providing revenue visibility of about 2.86x FY26 revenue. The CGD contributed 57% to the revenue, followed by power (29%), water (4%), and operating and maintenance (O&M) and services (10%) in FY26. The company has presence across India, with strong footprint in Gujarat, Maharashtra, Haryana, Uttar Pradesh, and Tamil Nadu. Ind Ra expects the revenue to improve in the near to medium term, supported by the execution of the existing order book and expects order inflows of about INR1,500 million in the near term.

Healthy EBITDA; Moderation in Margins: The company's EBITDA increased to INR235.68 million in FY26 (FY25: INR133.44 million), supported by strong revenue growth and improved scale of operations. However, the EBITDA margins moderated to 19.87% in FY26 (FY25: 22.45%), primarily due to the higher contribution from power and renewable engineering, procurement and construction (EPC) projects, which operates at relatively lower margins than that of the core CGD segment. The return on capital employed was 29.9% in FY26 (FY25: 30.3%). Ind-Ra expects the EBITDA margins to remain at similar levels in the medium term, considering steady execution in the CGD segment, partially offset by the growing share of relatively lower-margin EPC projects in power and renewables.

Comfortable Credit Metrics: DIL's net financial leverage (adjusted net debt/operating EBITDA) deteriorated but remained comfortable at 0.57x in FY26 (FY25: negative 1.48x) as its total debt increased to INR142.2 million (INR114.76 million). DIL incurs a relatively higher interest costs on its unsecured borrowings. The gross interest coverage (operating EBITDA/gross interest expense) improved to 15.35x in FY26 (FY25: 11.18x), owing to the increase in its EBITDA. Ind-Ra expects the credit metrics to moderate in the near to medium term, as the company plans to enhance its working capital facilities to reduce reliance on relatively high-cost unsecured borrowings used for initial project mobilisation. Tying up of working capital facilities with banks will remain a key rating monitorable.

Risk in Project Execution: DIL's project timelines are subject to risks arising from external factors such as regulatory approvals, right-of-way constraints, and client-side procedural processes, which may lead to timeline revisions. In several cases, execution is largely completed with only closure-related activities pending, while in others, purchase order amendments or extensions are under process, due to such external constraints. However, as per the management, these are procedural in nature, with clients generally issuing extensions or amendments rather than cancelling orders. This helps mitigate execution-related risks, and there have been no penalties or order cancellations to date. The timely conversion of such projects into revenue would remain a key rating monitorable.

Segment and Customer Concentration Risks: The CGD segment accounted for around 74% of DIL's order book in FY26, indicating concentration in a single segment. DIL's top five customers accounted for 71% in FY26 (FY25: 41%) among key clients, with Sun Drops Energia Limited contributing about 33%, followed by BPCL (about 18%) and ATGL (about 12%), leading to customer and segment concentration risks. However, the company has been diversifying into the power segment and is expected to secure incremental orders from this segment, which is likely to mitigate concentration risks over the medium term.

Liquidity

Stretched: DIL's average month-end utilisation of the fund-based and the non-fund-based limits was 89.13% and 66.52%, respectively, during the 12 months ended March 2026. DIL plans to enhance its fund-based and non-fund-based working capital limits to meet its additional working capital and order requirements. The fund flow from operations improved to INR172.66 million in FY26 (FY25: INR105.42 million), due to the increase in the absolute EBITDA. The net working capital cycles increased to 77 days in FY26 (FY24: 61 days), mainly due to an increase in the debtor days to 94 days (82 days).

The cash and cash equivalents reduced to INR6.93 million at FYE26 (FYE25: INR311.75 million). DIL does not have any capital market exposure and relies on banks and financial institutions to meet its funding requirements. The company has scheduled debt repayments of INR22.36 million and INR11.23 million in FY27 and FY28, respectively, which is likely to be met through internal accruals.

Rating Sensitivities

Positive: The timely execution of orders, leading to an increase in the scale of operations, sustained comfortable credit metrics, along with an improvement in the liquidity position, will be positive for the ratings.

Negative: A decline in the scale of operations, leading to deterioration in the credit metrics, with the net leverage increasing above 2.5x, or deterioration in the liquidity position or a further elongation of the working capital cycle, all on a sustained basis, will be negative for the rating.

Any Other Information

Not applicable

About the Company

Incorporated in 2011, DIL was originally a private company and was converted into a listed entity on 1 April 2025. The company operates as an EPC contractor across CGD, power, water, and renewable support segments, executing projects for PSUs, government, and private sector clients across India.

Key Financial Indicators

Particulars	FY26	FY25
Revenue (INR million)	1,186.13	594.47
EBITDA (INR million)	235.68	133.44
EBITDA margin (%)	19.87	22.45
Gross interest coverage (x)	15.35	11.18
Net leverage (x)	0.57	-1.48
Source: DIL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Current Rating
Bank loan facilities	Long-term/Short-term	INR110.00	IND BBB-/Stable/IND A3

Bank wise Facilities Details

The details are as reported by the issuer as on (09 Jun 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Yes Bank Ltd	Fund-based working capital limits	80	IND BBB-/Stable / IND A3
2	Yes Bank Ltd	Non-fund-based working capital limits	30	IND A3

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

List of instruments and names of regulators of the instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating Activity

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), India Ratings shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

B. Other activities:

Sr. No.	Activity Name	Regulator of the activity
1	Monitoring Agency	SEBI
2	Research activities, incidental to rating, such as research for Economy, Industries and Companies @	NA

@ permitted by SEBI vide SEBI Master Circular for CRAs.

Note: For instruments or activities falling under the purview of regulators other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

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Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance**Corporate Rating Methodology****Short-Term Ratings Criteria for Non-Financial Corporates****The Rating Process****DISCLAIMER**

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