Press Release

Thakur Infraprojects Private Limited

January 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	100.51 (Enhanced from Rs. 58.30 crore)	IVR A-/Stable (IVR Single A Minus with Stable Outlook)	IVR A-/Stable (IVR Single A Minus with Stable Outlook)	Reaffirmed	Simple
Proposed Long Term Bank Facilities	61.43	IVR A-/Stable (IVR Single A Minus with Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities	420.00 (Enhanced from Rs. 182.24 crore)	IVR A2+ (IVR A Two Plus)	IVR A2+ (IVR A two Plus)	Reaffirmed	Simple
Proposed Short Term Bank Facilities	143.60	IVR A2+ (IVR A Two Plus)	-	Assigned	Simple
Total	**725.54 (Rupees Seven hundred and twenty-five crore and fifty-four lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the long-term and short-term ratings assigned to the bank facilities of Thakur Infraprojects Private Limited (TIPL). The ratings derive strength from the proven track record and experienced promoters in civil construction industry, strong order book reflecting satisfactory revenue visibility, increased scale of operations and profitability in FY24 (refers to the period April 01 to March 31), healthy capital structure leading to strong debt protection metrics and ownership of equipment ensuring timely execution of orders.

The rating strengths are, however, constrained by geographical and client concentration risk, moderate working capital intensity, delay in execution of HAM (Hybrid Annuity Model) project under its joint venture (JV), susceptibility of operating margin to volatile input prices and tender-based nature of operation with intense competition in the industry.

The stable outlook reflects expected continuation of operational performance backed by healthy order book position providing revenue visibility.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Significant improvement in working capital cycle leading to better liquidity
- Improvement in adjusted overall gearing to below 1x on a sustained basis.

Downward Factors

- Moderation in scale of operations and/or profitability impacting the liquidity profile.
- Sharp adverse changes in leverage leading to deterioration in debt protection metrics.
- Stretch in the working capital cycle impacting the liquidity of the company.
- Any further delays in execution of HAM (Hybrid Annuity Model) project and any liabilities arising thereof, leading to decline in the company's revenues and profitability.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Proven track record and experienced promoters in civil construction industry

TIPL is a civil construction company engaged in the construction of roads, bridges, dams, earthmoving and container yard development amongst others. The company started its operations in 2007 and since has successfully completed many projects in state of Maharashtra for various government departments as well as for private companies. The promoters have experience of over four decades in the construction business which has helped it establish long standing relationships with customers and suppliers and secure repeat orders. Promoters are well supported by a team of experienced and qualified professionals.

Strong order book reflecting satisfactory revenue visibility

The company has an unexecuted order book of around Rs.4665.16 crore as on November 30, 2024, which is about 6.34x of its FY24 revenues (Rs.736.28 crore). The order book includes an order from Maharashtra State Road Development Corporation Limited (MSRDC) worth Rs.2360.00 crore secured in November 2024 for which the survey has started; however, Letter of Award is yet to be received. The orders primarily consist of infrastructure works, roads and bridges and national highways and are expected to be completed within next two to three years, indicating a satisfactory medium term revenue visibility. The orders are predominantly from government bodies (93.11%) in Maharashtra namely Maharashtra State Infrastructure Development Corporation Limited (MSIDCL), City and Industrial Development Corporation of Maharashtra Limited (CIDCO), Panvel Municipal Corporation, Central Railways, Mumbai Railway Vikas Corporation, National Highway Authority of India (NHAI). Orders from private companies have been from Tata Projects Limited, J. Kumar Infraprojects Limited, J.M. Mhatre Infraprojects Pvt. Ltd. (rated IVR BBB+/Stable/ IVR A2) ; Petronas Lubricants India Private Limited and Hind Terminals Pvt. Ltd. The order book also includes a HAM project for four laning of Ratnagiri - Kolhapur section of NH-166 awarded by the NHAI at a project cost of Rs.946 crore being executed under joint venture with JM Mhatre Infra Private Limited, wherein TIPL’s share is 49%. The above project is being funded by equity contribution of Rs.110 crore and term loan from banks of Rs.440 crore, which is already sanctioned, and the balance from NHAI contribution as in any HAM project. The debt is guaranteed jointly and severally by the joint venture partners. There is an inherent execution risk of the project and timely completion of the same will be a key rating monitorable.

Increased scale of operations and profitability in FY24

The company reported 28% increase in total operating income (TOI) on y-o-y basis to Rs.736.28 crore in FY24 from Rs. 577.28 crore in FY23. The increase in revenues in FY24 can be attributed to pick up in order execution, in a time bound manner, supported by sub-contracting. EBITDA margin of the company has increased from 16.08% in FY23 to 26.33% in FY24 due to low transportation & mobilization expenses and reduction in prices of raw material. PAT margin increased to 17.85% in FY24 from 10.51% in FY23. The company has achieved a TOI of Rs.591.81 crore, EBITDA margin of 23.79% and PAT margin of 16.03% for 9MFY25.

Healthy capital structure and debt protection metrics

The financial risk profile of the company is marked by healthy capital structure and debt protection metrics. The adjusted tangible net worth of company increased to Rs.293.40 crore as on March 31, 2024, as against Rs. 227.50 crore as on March 31, 2023, on account of accretion of profits to reserves. The adjusted overall gearing and TOL/ATNW stood at 0.31x (PY: 0.32x) and 0.72x (PY: 0.64x) as on March 31, 2024, respectively. TIPL has extended corporate guarantee of Rs.440 crore as on March 31, 2024, to its JV, Kolhapur Ratnagiri Highway Private Limited (rated IVR BBB-/Stable). After factoring the guaranteed debt, the overall gearing and TOL/TNW moderates to ~1.8 times and ~2.2 times respectively as on March 31, 2024. The debt protection metrics of the company marked by interest coverage ratio improved to 20.17x for FY24 as against 13.31x for FY23. Total debt to EBITDA improved to 0.47 times during FY24 from 0.78x during FY23. Debt service coverage ratio of the company remains adequate after factoring in the remaining equity investment of Rs.12.95 crores through internal accruals in FY25 towards the JV project.

Own equipment ensures timely execution of orders

TIPL has adequate equipment to complete the projects in a timely manner with over 40 excavators, 59 loaders and rock breakers, 10 hydra/farana, 35 transit mixers, 222 tipper, 101 passenger vehicles, 35 water tankers and 231 various other machineries. This ensures faster execution of orders as the company does not have to rely on hiring machineries which may be deployed at other projects. In case of idle time of the equipment, TIPL also leases it out which also generates revenue for the company. Machinery hiring income contributed to around 5% of total revenue in FY24 (~4% in FY23).

Key Rating Weaknesses

Geographical and client concentration risk

The present unexecuted order book is majorly concentrated in the state of Maharashtra mainly Navi Mumbai and Panvel Municipal Corporation making the company vulnerable to any adverse changes in the political environment or policy matters of the state. However, the company's adequate experience to execute projects in the state and also operating in a concentrated geography provides some control and reduces the logistics expenses to some extent.

Moderate working capital intensity

Construction business, by its nature, is working capital intensive as a large amount of working capital remains blocked in earnest money deposits and retention money. This apart, its clients are government departments/entities having various procedural requirements where payments could be relatively slow. The operating cycle stood at 42 days in FY24 driven by an inventory cycle of 14 days, average collection period 42 days and creditors period of 14 days in FY24. Further, its average fund based working utilization for the 12 months ended December 2024 stood low at around 42.49% and average non-fund-based utilization for the 12 months ended December 2024 stood high at 71.75%. Gross current assets stood at 194 days as on March 31, 2024, as against 168 days as on March 31, 2023.

Delay in execution of HAM project under JV

The company's SPV namely Kolhapur Ratnagiri Highways Private Limited is undertaking a HAM project wherein TIPL has 49% stake and has already invested 76% of its proportionate equity commitment. As per the quarterly progress report for September 2024, the SPV has achieved financial progress of 33.29% against the planned 60.97%. The company has applied for extension of time for 746 days w.e.f. October 01, 2024, for which the approval is still under process. Any further time and cost overruns requiring additional financial support will be a key rating monitorable.

Susceptibility of operating margin to volatile input prices

Major raw materials used in civil construction activities are steel & cement. Stone, asphalt/bitumen and sand are also used in road construction activities. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the firm is subject to fluctuation in raw material prices and labour cost. However, TIPL has access to quarries from where it procures rock and stones. Further the risk is mitigated to some extent with the presence of inherent price escalation clause present in the contracts.

Tender-based nature of operations with intense competition in the industry

The company gets its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organized and unorganized players, tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment, the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, delay in payments from the government, fluctuating input costs etc. Since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Also, being a regional player, TIPL executes projects largely in Maharashtra. thus, remains susceptible to any slowdown in tenders floated in the region or changes in government policies.

Analytical Approach: Standalone.

Applicable Criteria:

Rating Methodology – Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Adequate

Liquidity is adequate characterized by sufficient cushion in accruals vis-à-vis debt repayment obligations of Rs. 32.65 crore in FY25, Rs. 34.80 crore in FY26 and Rs. 32.61 crore in FY27 and equity investment in the HAM project of Rs. 12.95 crore in FY25. Further, its average fund based working capital utilization for the 12 months ended December 2024 stood low at around 42.49% which provides sufficient liquidity buffer. The company also has cash and cash equivalents of Rs. 69.20 crore as on January 01, 2025.

About the Company

Thakur Infraprojects Private Limited is a Navi Mumbai based infrastructure development Class I contractor in Maharashtra. It was established in 1974 under the name M/s. S. C. Thakur & Bros. and subsequently was reconstituted as Thakur Infraprojects Private Limited in 2007. The company is engaged in the construction of roads, bridges, earthmoving, container yard development, crusher operation, quarry & mining, logistics and also in production and supply of ready-mix concrete, asphalt concrete, sand & aggregates. The company has also completed two Build Operate and Transfer projects related to truck parking terminal in Panvel area.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	577.28	736.28
EBITDA	92.80	193.90
PAT	61.27	133.66
Total Debt	72.32	90.44
Tangible Net Worth	265.71	357.40
EBITDA Margin (%)	16.08	26.33
PAT Margin (%)	10.51	17.85
Overall Gearing Ratio (x)	0.27	0.25
Interest Coverage (x)	13.31	20.17

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None.

Any other information: None.

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					October 27, 2023	-	-
1.	Term Loan	Long Term	68.51 (Enhanced from Rs. 48.29 crore)	IVR A-/ Stable	IVR A-/ Stable	-	-
2.	Proposed Term Loan	Long Term	56.43	IVR A-/ Stable	-	-	-
3.	Cash Credit	Long Term	32.00 (Enhanced from Rs. 10.01 crore)	IVR A-/ Stable	IVR A-/ Stable	-	-
	Proposed Cash Credit	Long Term	5.00	IVR A-/ Stable	-		
4.	Bank Guarantee	Short Term	420.00 (Enhanced from Rs. 182.24 crore)	IVR A2+	IVR A2+	-	-
5.	Proposed Bank Guarantee	Short Term	143.60	IVR A2+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	April 2025 to July 2028	37.93	IVR A-/ Stable
Term Loan	-	-	-	December 2025 to January 2028	20.61	IVR A-/ Stable
Term Loan	-	-	-	December 2026 to January 2028	3.59	IVR A-/ Stable
Term Loan	-	-	-	October 2026	2.69	IVR A-/ Stable
Term Loan	-	-	-	September 2026 to October 2026	1.48	IVR A-/ Stable
Term Loan	-	-	-	September 2026 to February 2028	1.43	IVR A-/ Stable
Term Loan	-	-	-	December 2025 to August 2026	0.72	IVR A-/ Stable
Term Loan	-	-	-	September 2025	0.06	IVR A-/ Stable
Proposed Term Loan	-	-	-	-	56.43	IVR A-/ Stable
Cash Credit	-	-	-	-	32.00	IVR A-/ Stable
Proposed Cash Credit	-	-	-	-	5.00	IVR A-/ Stable
Bank Guarantee	-	-	-	-	420.00	IVR A2+
Proposed Bank Guarantee	-	-	-	-	143.60	IVR A2+

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-Thakur-Infraprojects-23jan25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com