



Press Release

AGC Infracon Private Limited

(Erstwhile AG Construction)

April 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	20.98	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Rating upgraded	Simple
Short Term Facilities	215.00	IVR A3 (IVR A Three)	IVR A4+ (IVR A Four Plus)	Rating upgraded	Simple
Total	235.98 (Rs. Two Hundred Thirty Five crore and Ninety Eight 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 has upgraded its ratings assigned to bank facilities of AGC Infracon Private Limited (AGCIPL) reflects sustained improvement in total operating income and profitability, comfortable capital structure and debt protection metrics and healthy orderbook position with limited counter party credit risk. However, the ratings are partially constrained by tender based nature of business and exposure to competitive segment and inherent risk in nature of business.

The ratings have been assigned a stable outlook as the AGCIPL's business and financial risk profile is expected to be maintained over the medium term.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in the operating revenue thereby leading to improvement of profitability and debt protection metrics.
- Improvement in working capital cycle leading to improvement in liquidity.



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- Improvement in the capital structure with improvement in overall gearing and/or improvement in the debt protection metrics.

Downward Factors

- Moderation in scale of operation thereby leading to deterioration in profitability and debt protection metrics on a sustained basis.
- Elongation of the operating cycle leading to weakening of liquidity.
- Any delays in the debt servicing obligations.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Key Rating Strengths

- **Improvement in total operating income and profitability**

AGCIPL's total operating income has increased by ~11% on y-o-y basis to Rs.567.63 crore in FY24 (period refers from 01st April 2023 to 31st March 2024) (P.Y.: Rs.513.30 crore), on account of executing new work order for roads and irrigation projects. Further, AGCIPL's total operating income has remained stable at Rs.341.34 crore in 9MFY25 (P.Y.: Rs.325.85 crore). AGCIPL's profitability has improved as EBITDA margin and PAT margin have improved to 10.39% and 6.75% respectively in FY24 (P.Y.: 9.58% and 6.34% respectively), due to decrease in raw material cost.

- **Comfortable capital structure and debt protection metrics**

The capital structure as derived by overall gearing ratio and total outside liabilities/adjusted net worth (TOL/ATNW) ratio remained at moderate levels at 0.74x and 1.81x respectively as on March 31, 2024. (vis-à-vis 0.82x and 1.82x respectively as on March 31, 2023). Debt protection metrics remained comfortable with interest coverage ratio which has improved and stood at 8.63x in FY24 (P.Y.: 6.53x) and total debt/NCA has remained stable and stood at 1.05 years in FY24 (FY23: 1.09 years).

- **Healthy orderbook position with limited counter party credit risk**



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As on December 31, 2024, the company had an unexecuted order book position of Rs.1702.68 crore (3x of FY24 revenue), to be executed in a period of 15-18 months indicates medium revenue visibility. The order book is from customers like State of Maharashtra - State Infrastructure Development Corporation, Minor Irrigation Division Hingoli, Osmanabad Irrigation Department, National Highways & Infrastructure Development Corporation Limited and National Highway Authority of India etc. All orders are having escalation clause. However, Infomerics notes that risk prevails due to large amount of unpaid bills to the contractors from Government of Maharashtra. As per the publicly available information, as on date total outstanding from Government of Maharashtra to the various infrastructure contractors stood at Rs.89,000 crore. Any further delay in releasing of payment could impact the liquidity position of the company.

Key Rating Weaknesses

- **Tender based nature of business**

AGCIPL is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to the presence of many organized and unorganized players tender driven nature of business leads to volatility in revenue and profitability. Further, being in the infrastructure segment the firm is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution etc.

- **Exposure to competitive segment and inherent risk in nature of business**

The domestic infrastructure sector is highly fragmented, marked by the presence of many players with varied statures & capabilities. A boom in the infrastructure sector, a few years back, resulted in an increase in the number of players. While the competition is perceived to be healthy, a significant price cut by few players during the bidding process is a matter of serious concern for the users with respect to quality of output. AGCIPL faces direct competition from various organized and unorganized players in the market.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for 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

AGC's liquidity is expected to remain adequate given adequate cash accruals for the period of FY26 and FY26 as against the minimal repayments. The free cash and cash equivalents balance stood at Rs.13.76 crore as on March 31, 2024, while average working capital utilisation for the 12 months ended December 2024 remained moderate at ~69%. Current ratio stood moderate at 1.13x as on March 31, 2024. Infomerics has considered fixed deposits, earnest money and retention money of Rs.15.65 crore as current assets despite it is shown under non-current assets in the balance sheet of FY24 post written confirmation from auditors that this amount will be reclassified and restated under current asset assets in subsequent audited report. Infomerics also notes that, there was delay in payment of provident fund in the month of February 2025; however, auditors have clarified that these delay is on account technical reasons.

About the Company

AGCIPL was initially established as a proprietorship concern in 1994 by founder Late Mr. Abdul Gaffur Khan who had started his career as a government contractor in Aurangabad & had completed many projects related to roads, buildings, dams, and canal works. The firm was converted into a partnership firm in 2004 and the business was transferred to his three sons - Mr. Aslam Khan, Mr. Arif Khan, and Mr. Mohsin Khan. However, AGCIPL was further converted in the private limited company is the year 2023 and the name was changed to AGC Infracon Private Limited. AGCIPL has executed many government projects in Maharashtra & Rajasthan and is currently executing road construction and development projects in Maharashtra.



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Financials (Consolidated):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	513.30	567.63
EBITDA	49.17	58.96
PAT	32.57	38.39
Total Debt	46.27	51.33
Tangible Net Worth	56.72	69.02
EBITDA Margin (%)	9.58	10.39
PAT Margin (%)	6.34	6.75
Overall Gearing Ratio (x)	0.82	0.74
Interest Coverage (x)	6.53	8.63

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

- Brickwork ratings has continued to classify the company under ISSUER NOT CO-OPERATING category vide PR dated September 30, 2024, on account of lack of adequate information.
- CRISIL ratings has continued to classify the company under ISSUER NOT CO-OPERATING category vide PR dated October 18, 2024, on account of lack of adequate information.
- Acuite ratings has continued to classify the company under ISSUER NOT CO-OPERATING category vide PR dated August 12, 2024, on account of lack of adequate information.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					March 6, 2025	December 21, 2023	--
1.	Cash Credit	Long Term	20.00	IVR BBB-/Stable	IVR BB+/Stable	IVR BBB-/Stable	--
2.	GECL	Long Term	0.98	IVR BBB-/Stable	IVR BB+/Stable	IVR BBB-/Stable	--
3.	Overdraft	Short Term	30.00	IVR A3	IVR A4+	IVR A3	--
4.	Bank Guarantee	Short Term	185.00	IVR A3	IVR A4+	IVR A3	--

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. 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.



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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
Cash Credit	-	-	-	-	20.00	IVR BBB-/ Stable
GECL	-	-	-	October 2027	0.98	IVR BBB-/ Stable
Overdraft	-	-	-	-	30.00	IVR A3
Bank Guarantee	-	-	-	-	185.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AGCInfracon-apr25.pdf>

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

Annexure 4: List of companies considered for consolidated 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.