



## Press Release

### AGI Infra Limited

June 07, 2023

#### Ratings

Instrument Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities –	65.17	IVR BBB+ with Stable Outlook (IVR Triple B Plus With Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	76.25	IVR A2 (IVR A Two)	Assigned	Simple
<b>Total</b>	<b>141.42 (Rupees One Hundred Forty One Crore and Forty two lakhs Only)</b>			

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has assigned long-term rating of IVR BBB+ with a Stable outlook and short-term rating of IVR A2 for the bank loan facilities of AGI Infra Limited .

The rating assigned of AGI Infra Limited considers the comfort from established track record of AGI group, resourceful promoters, repayment through escrow mechanism, favourable project location and comfortable project cost structure. However, these factors are offset by project implementation risk and exposure to risks relating to cyclicalities in real estate industry. The company has recorded significant sales during FY22.

IVR has principally relied on the standalone audited financial results of AGI Infra Limited up to 31 March 2022 and 9MFY2023 Provisional results and publicly available information/clarifications provided by the company's management.

#### Key Rating Sensitivities:



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### **Upward Factors**

- Progress made in completion of the projects.
- Minimum 75% of Sale of inventory at competitive rates

### **Downward Factors**

- Delay in completion of project.
- Significant cost overruns of the project.
- Lower than expected booking status.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

#### **Established Promoters with established track record:**

Mr. Sukhdev Singh, promoters of AGI Infra Limited, flagship company of the AGI Group has over fifteen years of experience in real estate business. The group has a strong developmental track record and brand recall in the Jalandhar real estate markets since 2005. The developer has undertaken projects mainly in the residential segment with small ticket size and only a few projects in the commercial segments. The group has presence in the Jalandhar & Ludhiana.

#### **Strong project execution capabilities**

The group has satisfactory execution capabilities as evident from projects delivered in the past. The group is associated with renowned architects, marketing agents and consultants who have proved their mettle in the field. Further, group's current on-going projects are located in Jalandhar and Ludhiana and are equipped with modern facilities/ amenities

#### **Major regulatory approvals already in place for the ongoing projects**

Land has already been acquired/ available and building plan approvals have been obtained for all the ongoing projects. The group has received all the major approvals from the appropriate authority(s) which includes police department, airport authority, urban land ceiling, height clearance, microwave, water, electricity, fire & emergency, environmental clearance. Further, all the on-going projects are in compliance with Punjab Real Estate Regulatory Authority.



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### **Comfortable project cost structure & favorable salability:**

The group is also developing Seven projects with an aggregate saleable area of 83.91 lakh sq. ft. All such projects have been launched in and around Jalandhar and in Ludhiana. Aggregate cost and revenue of such projects is Rs.1,285.54 crore and Rs.1,983.44 crore respectively. Till January 31<sup>st</sup>, 2023, the company had already sold 40.04 lakh sq.ft (47.71%) area in these projects. As on January 31, 2023, funding has been done 23.08% from promoters, 2.15% from debt and remaining 74.77% from customer advances.

### **Key Rating Weaknesses**

#### **Intermediate stage of several ongoing projects indicating execution risk**

‘AGI’ Ongoing Projects are in the mid stage of development. The group has spent around 26.02% of the total estimated project cost till January 31, 2023. However, long experience of the group in the real estate sector reduces the risk to an extent.

#### **Reliance on customer advances**

Major part of the cost for the on-going projects is expected to be funded out of customer advance which in turn is contingent upon the ability of the group to market its projects and timely collection of its receivables. The total project cost for all the projects was estimated at Rs. 1,285.54 crore to be funded by debt of Rs. 86.00 crore, promoters fund of Rs.182.46 crore and customer advances of Rs. 1,017.08 crore. Till January 31, 2023, the group had sold 40.05 lakh sq.ft against with a total value of Rs.805.34 crore. Any delay in receipt of the customer receivables would impact the construction progress of the project and therefore remains the key rating monitorable.

#### **Exposure to risks relating to cyclical in real estate industry:**



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Cyclicality in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may impact the debt servicing ability of the company. AGI will remain susceptible to the inherent cyclicality in the real estate sector.

**Analytical Approach:** Standalone

**Applicable Criteria :**

[Rating Methodologies for Real Estate Entities](#)  
[Financial Ratios & Interpretation Non- Financial Sector](#)  
[Criteria for assigning rating outlook](#)

### **Liquidity – Adequate**

The group has adequate liquidity marked by committed customer receivable (out of already sold area) of Rs.1,017.08 crore as on January 31, 2023. Furthermore, the promoters are also well experienced in the real estate market and resourceful having high financial flexibility which imparts comfort. The free cash and bank balance as on March 31, 2022 remained at Rs 20.29 Crore.

### **About the Company**

AGI Infra Ltd., established on 27th May 2005 with its current registered office at SCO 1-5, Urbana, Jalandhar Heights II, Jalandhar, is engaged in the development of residential and commercial real estate projects in Jalandhar, Punjab. Sukhdev Singh, Salwinderjit Kaur, Balwinder Singh, Atul Mehta, Pramod Kumar Sharma and Anuj Rai Bansal are the directors in the company. Currently, AGI Infra Ltd is handling different residential projects namely Jalandhar Heights - 2 (Ph-II and Ph-III), AGI Smart Home, AGI Palace, AGI Sky Garden, AGI Maxima and Urbana by AGI and is in the process of launching another project Jalandhar Heights - 3 in Jalandhar All the existing projects are registered under RERA.

**Financials (Standalone):**

**(Rs. crore)**



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For the year ended* As on	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	110.24	197.45
EBITDA	32.27	49.04
PAT	16.95	36.45
Total Debt	51.72	41.89
Tangible Net worth*	89.25	124.17
EBITDA Margin (%)	29.27%	24.84%
PAT Margin (%)	15.05%	18.14%
Overall Gearing Ratio (x)	0.58x	0.43x

\*as per Infomerics standards

**Status of non-cooperation with previous CRA :** Brickwork rating has moved the long term rating to issuer not cooperating vide press release dated Feb 23, 2023 for the reason non submission of information.

**Any other information:** Nil

**Rating History for last three years:**

Sl. No.	Name of Instrument / Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	65.17	IVR BBB+ with Stable Outlook (IVR Triple B Plus With Stable Outlook)	-	-	-
2.	Overdraft	Short Term	64.25	IVR A2 (IVR A Two)	-	-	-
3	LC/BG	Short Term	12.00	IVR A2 (IVR A Two)	-	-	-

**Name and Contact Details of the Rating Analyst:**

Name: Mr. Tarun Jain	Name: Mr. Om Prakash Jain
Tel: (011) 45579024	Tel: (011) 45579024
Email: <a href="mailto:Tarun.jain@infomerics.com">Tarun.jain@infomerics.com</a>	Email: <a href="mailto:opjain@infomerics.com">opjain@infomerics.com</a>



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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities – Term Loan	-	-	-	65.17	IVR BBB+ with Stable Outlook (IVR Triple B Plus With Stable Outlook)
Short term Bank Facilities – Overdraft				64.27	IVR A2 (IVR A Two)
Short term Bank Facilities – LC/BG				12.00	IVR A2 (IVR A Two)



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**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-AGI-Infra-jun23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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](http://www.infomerics.com)

