



Press Release

Aarvanss Buildwell and Infracon LLP

June 21, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	36.00	IVR BB/ Stable (IVR Double B with stable outlook)	Assigned	Simple
Short Term Bank Facilities	35.00	IVR A4 (IVR A Four)	Assigned	Simple
Long Term /Short Term Bank Facilities	4.00	IVR BB(Stable)/IVR A4 (IVR Double B with stable outlook and IVR A Four)	Assigned	Simple
Total	75.00 (Rupees Seventy-Five crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Ratings and Valuation Private Limited (IVR) has assigned the long-term rating of IVR BB with a stable outlook and short-term ratings of IVR A4 for the bank loan facilities of Aarvanss Buildwell and Infracon LLP (ABI).

The assigned rating takes into consideration the established track record of operations and experienced management, comfortable debt protection metrics and financial risk profile along with healthy order book position. However, these rating strengths are partially offset by relatively smaller scale of operations geographical concentration risk along with stiff competition from unorganised players. The ratings also remain constrained on account of tender based contract awarding system and risk of capital withdrawals on account of partnership nature of business.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR has principally relied on the audited financial results of the company up to March 31, 2023, and provisional financials for FY2024 (refers to period April 1st, 2023, to Mar 31, 2024) further projected financials for the FY2025 - FY2027 (refers to period April 1st, 2024, to Mar 31, 2027), and publicly available information/ clarifications provided by the firm's management.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business, specific trigger for a rating upgrade include revenues of Rs 120 crores or more on sustained basis.
- Improvement in profit margins leading to improvement in cash accruals and liquidity position on a sustained basis

Downward Factors

- Significant decline in operating income and/or
- Deterioration in profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of operations and experienced management:

The firm is managed by the Mr. Rohit Pandey (Managing Partner) and Mr. Sunil Dut Pandey (Partner). Mr. Rohit Pandey who looks after overall functions of the business. The long experience of 15+ years and track record of successful completion of projects have enabled them to execute several EPC projects. The senior management is supported by team of qualified professionals holding long experience in the infrastructure sector.

Healthy order pipeline providing revenue visibility over the medium term.

The Firm has a healthy unexecuted order book of ~Rs. 792.00 crore as of April 2024, which is about 5.20 times of its FY24 total operating income. The orders are expected to be completed within next 2-3 years, indicating a satisfactory medium-term revenue visibility.

Key Rating Weaknesses

Relatively smaller scale of operations and moderate profitability

The scale of operations of the firm remained small with TOI of Rs. 152.13 crore in FY24 (Prov), the firm reported EBITDA of Rs. 12.60 crore during FY24 (Prov) (refers to period April 1st, 2023, to Mar 31, 2024) increased from Rs. 4.61 crore in FY23. The PAT of the firm stood at Rs. 5.96 crore in FY24 (Prov) increased from Rs.1.94 crore in FY23. The EBITDA margin



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improved by 60 bps and stood at 8.29% during FY24 (Prov) compared to 7.69% during FY23 on account of decline in overall manufacturing expenses and execution of higher margin contracts. the PAT margin of the firm also improved by 71 bps and stood at 3.90% in FY24 (Prov) compared to 3.19% in FY23. in terms of the debt protection metrics, the interest service coverage ratio (ISCR) stood at 6.17x in FY2024 (Prov) improved from 5.02x in FY23, due to increase in operating profitability.

Geographical concentration risk with stiff competition and tender based contract awarding system.

ABI is registered “A” grade contractor in electrical safety department of Uttar Pradesh. In FY24, the firm’s TOI mix is 71% from Uttar Pradesh and 13% from Maharashtra states indicating geographical concentration risk where it competes with other contractors while bidding and securing orders for EPC works. The presence of a tender-based contract awarding system along with intense competition also restricts pricing flexibility of all players in the industry.

Exposed to risk of capital withdrawals:

ABI is a limited liability partnership firm and any significant withdrawals from the capital account by partners could impact negatively its net worth and the capital structure.

Analytical Approach: Standalone

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

The firm has an adequate liquidity profile marked by adequate cushion in gross cash accruals vis-a-vis its debt obligations. The firm’s bank limits are utilized to an extent of 86.33% for the last 12 months ended April 2024, indicating low utilization cushion. The current ratio and quick ratio of the firm stood at 1.60x and 1.25x respectively as on March



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31, 2024 (Prov) compared to 1.34x and 1.15x respectively as on March 31, 2023. The unencumbered cash and bank balance as on March 31, 2024 (Prov), stood at Rs 0.32 crore. Gross cash accrual for FY 2025 is estimated at Rs. 14.96 as against CPLTD of Rs. 3.18 crore.

About the Firm

Aarvanss Buildwell & Infracon LLP (ABI) is a limited liability partnership incorporated in January 2015 at Noida, Uttar Pradesh by its promoters Mr. Rohit Pandey and Mr. Sunil Dutt Pandey. The entity is in the field of electricity transmission utility shifting and turnkey project in power distribution sector. The Entity is dealing with design, supply, erection, testing & commissioning for shifting, modification raising the height of 765KV/440KV/220KV and above voltage transmission line by using steel monopole structures.

Financials Standalone:

For the year ended/ As on*	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	42.14	59.95
EBITDA	2.06	4.61
PAT	0.61	1.94
Total Debt	3.56	5.10
Tangible Net Worth	13.58	14.69
EBITDA Margin (%)	4.89	7.69
PAT Margin (%)	1.43	3.19
Overall Gearing Ratio (x)	0.16	0.18
Interest Coverage (x)	12.41	5.02

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating as on 20.06.2024	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Limits	Long Term	36.00	IVR BB/ Stable (IVR Double B with stable outlook)	-	-	-
2.	Fund Based Limits	Short Term	35.00	IVR A4 (IVR A Four)	-	-	-
3.	Fund Based Limits	Long Term/Short Term	4.00	IVR BB(Stable)/IVR A4 (IVR Double B with stable outlook and IVR A Four)	-	-	-

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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.



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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: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	10.00	IVR BB/ Stable (IVR Double B with stable outlook)
Cash Credit				5.00	IVR BB/ Stable (IVR Double B with stable outlook)
Bank Guarantee				10.00	IVR A4 (IVR A Four)
Bank Guarantee				10.00	IVR A4 (IVR A Four)
Bank Guarantee				15.00	IVR A4 (IVR A Four)
Cash Credit				4.00	IVR BB(Stable)/IVR A4 (IVR Double B with stable outlook and IVR A Four)
Proposed				21.00	IVR BB/ Stable (IVR Double B with stable outlook)

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



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Aarvanss-june24.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.

