



Press Release

Agrawal Infrabuild Private Limited

December 3, 2024

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	62.19 (enhanced from 42.19)	IVR BBB+/ Stable (IVR triple B plus with Stable outlook)	IVR BBB+/ Stable (IVR triple B plus with Stable outlook)	Reaffirmed	Simple
Short Term Bank Facility	130.00	IVR A2 (IVR A two)	IVR A2 (IVR A two)	Reaffirmed	Simple
Total	192.19 (INR One hundred ninety two crore and nineteen 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

The ratings assigned to the bank facilities of Agrawal Infrabuild Private Limited (AIPL) considers the common management team and financial linkages between AIPL and its subsidiaries – Agrawal Infrabuild Expressways Private Limited (AIEPL). Infomerics has taken a combined view of these entities.

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of AIPL on the back of experienced promoters, reputed client base which reduces counterparty risk to a large extent, steady increase in the topline and profits in FY24 (refers to period from April 1, 2023, to March 31, 2024) and H1FY25, conservative capital structure and comfortable coverage indicators, and Government's thrust on infrastructure. However, these rating strengths are constrained on account of moderate order book position, project execution risk, exposure to group entity in the form of corporate guarantees, exposure to client concentration risk, highly competitive industry because of the fragmented and tender-driven nature of business.

The long-term rating outlook is Stable considering that the company will continue to benefit from its order book and an experienced management.

Key Rating Sensitivities:



Press Release

Upward Factors

- Growth in scale of operations with improvement in profitability and gross cash accrual on a sustained basis.
- Timely and proper execution of existing order book and diversification in regional presence.
- Successful completion of the HAM project without time and cost overrun and commencement of annuity receipt as per scheduled time.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any liability which might arise out of the expected corporate guarantee to be extended to the group company.
- Any delay in the execution of the order book, leading to the elongation of the working capital cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The company was incorporated by the Bilaspur-based Agrawal family. The promoters have a long experience and have an established track record in the civil construction business. The company's day-to-day operations are looked after by Mr. Ramawatar Agrawal, along with a team of experienced professionals.

- **Reputed client base reduces counterparty risk to a large extent**

The company primarily works for Government agencies and have completed contracts for National Highway Authority of India (NHAI), Chhattisgarh Road Development Corp. Ltd., Bilaspur Municipal Corp. etc. in the past. It is a Class I contractor with the PWD department of Chhattisgarh. Since the client base of the company is majorly Government departments, the counterparty risk remains low.

- **Steady increase in the topline and profits in FY24 and H1FY25**



Press Release

The scale of operations witnessed an increasing trend as the total operating income of the company increased at ~31% on a year-on-year basis to Rs.562.61 crore in FY24, as compared to Rs.430.49 crore in FY23 (refers to period from April 1, 2022 to March 31, 2023) due to higher orders executed during the period. Led by an increase in the topline, EBITDA and PAT increased by ~28% and 36% year-on-year to Rs. 77.82 and Rs. 43.42 crore, respectively. Further in H1FY25, the company's TOI increased by 10% y-o-y to Rs. 283.15 crore. EBITDA and PAT also increased by 19% and 21%, respectively, y-o-y to Rs. 39.16 crore and Rs. 20.95 crore, respectively. Infomerics notes that a sustained increase in topline will be a key rating factor going ahead.

- **Conservative capital structure and comfortable coverage indicators**

The total debt was Rs. 116.07 crore as on March 31, 2024, up from Rs. 42.23 crore as on March 31, 2023, due to interest bearing mobilisation advance of Rs. 35.55 crore at AIEPL and increase in bank borrowing and equipment loan at AIPL. Adjusted networth at combined level was Rs. 126.88 crore (adjusted for investment and loans and advances in group/related entities of Rs. 59.99 crore) as on March 31, 2024, up from Rs. 135.84 crore (adjusted for investment and loans and advances in group/related entities of Rs. 8.18 crore) as on March 31, 2023, due to accretion of profit to reserves. The capital structure stood comfortable marked by gearing of 0.91x though the same moderated from 0.31x as on March 31, 2023, due to increase in total debt. Long term -debt to equity ratio was low at 0.40 times as on March 31, 2024, compared with 0.31 times as on March 31, 2023, due to increase in networth. TOL/TNW (adjusted) was 1.23 times on March 31, 2024, compared with 0.62 times on March 31, 2024.

- **Government's thrust on infrastructure**

The infrastructure sector has seen some major developments, investments and support from the government in the recent past. In Union Budget 2024-25, the government has given a massive push to the infrastructure sector by allocating Rs. 11.11 lakh crore to enhance the infrastructure sector. AIPL with more than fifteen years of experience in executing projects in civil infrastructure development is likely to be benefitted in near to medium term.

Key Rating Weaknesses

- **Moderate order book position**



Press Release

As of July 1, 2024, the company had unexecuted order book of Rs. 790.65 crore which will be executed over the next 20 months. The current unexecuted order book is 1.41 times FY24 revenues, which provides revenue visibility in the near term. Infomerics notes timely and proper execution of existing order book and diversification in regional presence will remain a key rating factor, going ahead.

- **Project execution risk**

AIPL has formed a special purpose vehicle named Agrawal Infrabuild Express Private Limited (AIEPL), in order to execute a HAM project of Rs. 760.40 crore which has been awarded by NHAI. AIPL holds 100% ownership in AIEPL. The project has been subcontracted to AIPL. Till September 9, 2024, 20% of the physical progress of project is complete. The expected COD of the project is December 2025, and the annuity is expected to commence from April 2026. Since the project is in nascent stages, timely and successful completion of the project will be a key rating factor.

- **Exposure to group entity in the form of corporate guarantees**

AIPL has extended corporate guarantees of Rs. 339.85 crore in favour of term loan related to the HAM project which will be carried out by its wholly owned SPV named AIEPL. Any crystallisation of such liability may impact the company's liquidity profile.

- **Exposure to client concentration risk**

The company's order book consists of orders out of which three are from NHAI, and one is from AIEPL which also exposes the company to client concentration risk. However, since NHAI is a government agency the counterparty credit risk is mitigated to some extent.

- **Highly competitive industry because of the fragmented and tender-driven nature of business**

The company undertakes civil works and is specialized in road construction. As the entry barriers in the sector are low there are multiple players present thereby exposing the company to intense competition. Additionally, the contracts are acquired through tendering process which exposes the company to intense competition and mutes the bargaining power.

Analytical Approach: Combined



Press Release

For the purpose of rating, we have combined the financial statements of Agrawal Infrabuild Private Limited and Agrawal Infrabuild Expressways Private Limited. This is because these companies are under control of same promoters, have business and financial linkages.

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Applicable Criteria:

[Consolidation of companies](#)

[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 liquidity of the company is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY25-FY27. The average fund based utilisation for the past twelve months ended Sep 2024 was low at 3.46% indicating an adequate cushion. Moreover, there is combined cash balance of Rs. 103.31 crore as on March 31, 2024. The Group is undertaking a capex plan in expressway of Rs. 760.40 crore, which is at nascent stage. Any time and/ or cost overrun in the project might adversely impact the liquidity position of the Group.

About the Company

Located out of Bilaspur, and promoted by Agarwal family, AIPL undertakes civil works, particularly road construction. It has executed road construction and maintenance projects for various state government departments and schemes such as the Public Works Department, Pradhan Mantri Gram Sadak Yojana and for the National Highway Authority of India in Chhattisgarh. The company clients are mainly Government agencies like National Highways, PWD, etc. AIPL is also a sponsor of an SPV named M/s Agrawal Infrabuild Expressway Private Limited (AIEPL) which is a special purpose vehicle company to undertake Widening and strengthening of NH-5A. AIPL holds 100% ownership in AIEPL.

Financials (Standalone):



Press Release

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	430.49	562.61
EBITDA	60.63	77.82
PAT	31.86	43.42
Total Debt	42.23	116.07
Adjusted Tangible Net Worth	135.84	126.88
EBITDA Margin (%)	14.08	13.83
PAT Margin (%)	7.39	7.68
Adjusted Overall Gearing Ratio (x)	0.31	0.91
Interest Coverage (x)	13.15	18.37

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2023-2024 Sep 20, 2023	Date(s) & Rating(s) assigned in 2022-2023 Nov 3, 2022	Date(s) & Rating(s) assigned in 2021-2022
1.	Term Loans	2.19	Long Term	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	-
2.	Cash Credit	60.00	Long Term	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	-
3.	Bank Guarantee	130.00	Short Term	IVR A2	IVR A2	IVR A2	IVR A2	-

Analytical Contacts:

Name: Sandeep Khaitan

Tel: (033)- 46022266

Email: sandeep.khaitan@infomerics.com

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



Press Release

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.

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: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL	-	-	October 2026	2.19	IVR BBB+/ Stable
Cash Credit	-	-	-	60.00	IVR BBB+/ Stable
Bank Guarantee	-	-	-	130.00	IVR A2+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Agrawal-Infrabuild-dec24.pdf>

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



Press Release

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for Combined analysis:

Name of the company	Relationship	Shareholding as on March 31, 2024	Consolidation Approach
Agrawal Infrabuild Private Limited	-	-	Combined
Agrawal Infrabuild Expressways Private Limited	Subsidiary	100%	Combined

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.