



Press Release

Arcons Infrastructures & Constructions Private Limited (AICPL)

March 26, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	80.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	156.00 (enhanced from Rs 105.00 cr)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Proposed Short Term Non-Fund Based Bank Facilities – Bank Guarantee	74.00	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
Total	310.00 (Rupees Three Hundred Ten Crores 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 its ratings assigned to bank facilities of Arcons Infrastructures & Constructions Private Limited (AICPL). The rating continue to derive strength from AICPL's long track record & established presence in the construction sector, strong order book position reflecting satisfactory medium-term revenue visibility and healthy debt protection metrics along with comfortable capital structure. However, these rating strengths remain constrained by geographical and client concentration risk, tender driven nature of business in highly fragmented & competitive construction sector.



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The outlook is stable in view of healthy unexecuted order book position of about ~1.5x times of TOI for FY24.

Key Rating Sensitivities:

Upward Factors

- ✓ Growth in scale of operations with improvement in profitability
- ✓ Manage working capital requirements efficiently with improvement in liquidity position.

Downward Factors

- ✓ Moderation in the capital structure with deterioration in overall gearing.
- ✓ Moderation in scale of operations or profitability impacting the liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record & established presence in the construction sector:**
Arcons Infrastructures & Constructions Private Limited was founded in 1973 as Agrawal Construction Company, a partnership firm and later in 2006 it was converted into private limited company. Further, AICPL is managed by 2nd generation of family i.e. Er. Rajesh Agrawal joined AICPL in the year 1981 after completing his graduation in Civil Engineering. The directors are well supported by a team of experienced and qualified professionals in day-to-day operations.
- **Strong order book position reflecting satisfactory medium-term revenue visibility.**
The total work orders in hand as on December 31,2024 is Rs 1596.27 crore, out of which the works completed to the tune of Rs 874.15 crore as on Dec 31,2024 and the orders pending for execution is Rs 768.09 crore which has to be completed in a span of next 1 to 2 years. This indicates healthy unexecuted order book position of about ~1.5x times of its FY24 (refers to a period from 01.04.2023 to 31.03.2024) revenue ensuring satisfactory short to medium term revenue visibility.
- **Healthy debt protection metrics along with comfortable capital structure.**



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The company's debt protection parameters remains healthy marked by interest coverage ratio of 4.33x and DSCR of 1.30x as on March 31, 2024. Considering the working capital intensive nature of operation, the company has a comfortable capital structure with Debt: adjusted TNW of 0.25x and overall gearing ratio: Adjusted TNW of 0.97x as on March 31, 2024.

Key Rating Weaknesses

- **Geographical and client Concentration Risk**

The company's geographic-concentration risk remains moderate as it executes more than 55% of projects from the states of Karnataka and also top 5 clients share around 98.24% in FY24 thus posing client concentration risk too. However, company has started expanding its business in other states across India.

- **Tender driven nature of business in highly fragmented & competitive construction sector**

Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits. Business certainty is dependent on the company's ability to successfully bid for the tenders as entire business is tender based. The domestic infrastructure/construction sector is highly fragmented marked by presence of many players with varied statures & capabilities. Boom in the infrastructure sector, a few years back, resulted in increase in the number of players. While the competition is perceived to be healthy, 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.

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](#)



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Liquidity –Adequate

The average fund based working capital utilization of the company remained high at above ~95% for the past 12 months period ended Nov 2024 indicating limited liquidity cushion. However, the liquidity position of the company remained adequate characterized by gross cash accruals of Rs. 37.86 Cr against the repayment obligation of Rs 26.05 in FY24. The current ratio remained moderate at 1.29x as on March 31, 2024.

About the Company

Arcons Infrastructures & Constructions Private Limited (AICPL) based in Maharashtra, converted from partnership firm to Private Limited Company in 2006. The Company was formally known as Agrawal Construction Company (ACC) which was formed in the year 1973. AICPL is engaged in the business of construction of road, buildings, bridges and other civil engineering projects in Madhya Pradesh, Karnataka, Chhattisgarh, Maharashtra and Odisha.

Financials (Standalone):

For the year ended/ As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	377.41	440.36
EBITDA	51.26	57.72
PAT	23.77	24.80
Total Debt	127.81	107.78
Adjusted Tangible Net Worth	86.01	111.06
EBITDA Margin (%)	13.58%	13.11%
PAT Margin (%)	6.29%	5.62%
Overall Gearing Ratio (x)	1.49x	0.97x
Interest Coverage (x)	5.07x	4.33x

** As per Infomerics Standard*

Status of non-cooperation with previous CRA: None

Any other information: None

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	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(February 27, 2024) Rating	(Jan 06, 2023) Rating	(Oct 08, 2021) Rating
1.	Fund Based Facility – Cash Credit	Long Term	80.00	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB-/Stable
2.	Non-Fund Based Facility – BGs	Short Term	156.00	IVR A3+	IVR A3+	IVR A3+	IVR A3
3.	Proposed Non-Fund Based Facility – BGs	Short Term	74.00	IVR A3+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating 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: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Cash Credit	-	-	-	80.00	IVR BBB/Stable
Short Term Non Fund Based Bank Facilities - BGs	-	-	-	156.00	IVR A3+
Proposed Short Term Non Fund Based Bank Facilities - BGs	-	-	-	74.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AICPL-mar25.pdf>

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

Annexure 2: 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.