



Press Release

AGC Infracon Private Limited (AGCIPL)

(Erstwhile AG Construction)

March 6, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	20.98 (Reduced from Rs.33.02 crore)	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating downgraded	Simple
Short Term Facilities	215.00 (Enhanced from Rs.191.98 crore)	IVR A4+ (IVR A Four Plus)	IVR A3 (IVR A Three)	Rating downgraded	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 Rational

The downgrade in the ratings of the bank facilities of AGCIPL reflects stretched liquidity supported by low current ratio which stood below unity and delay in depositing statutory dues such as provident fund and employment insurance within the timelines which shows stretched liquidity of the company.

The ratings continue to derive strength from 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



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- 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.
- 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

- **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 are from customers like 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.

Key Rating Weaknesses

- **Stretched liquidity**

AGCIPL has stretched liquidity reflected by 69% average utilisation and current ratio is low and stood at 0.84x as on 31st March 2024 (P.Y.: 0.90x) and delay in depositing statutory dues such as provident fund and employment insurance within the timelines which shows stretched liquidity of the company.

- **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 – Stretched

AGCIPL has stretched liquidity reflected by 69% average utilisation and current ratio is low and stood at 0.84x as on 31st March 2024 (P.Y.: 0.90x) and delay in depositing statutory dues such as provident fund and employment insurance within the timelines which shows stretched liquidity of the company.

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 in 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.

Financials (Standalone):

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



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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

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
					December 21, 2023	--	--
1.	Cash Credit	Long Term	20.00	IVR BB+/ Stable	IVR BBB-/ Stable	--	--
2.	GECL	Long Term	0.98	IVR BB+/ Stable	IVR BBB-/ Stable	--	--
3.	Overdraft	Short Term	30.00	IVR A4+	IVR A3	--	--
4.	Bank Guarantee	Short Term	185.00	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.

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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 BB+/ Stable
GECL	-	-	-	October 2027	0.98	IVR BB+/ Stable
Overdraft	-	-	-	-	30.00	IVR A4+
Bank Guarantee	-	-	-	-	185.00	IVR A4+

Annexure 2: Facility wise lender details:

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

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

Annexure 4: List of companies considered for consolidated/Combined 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.