



Press Release

AGI Infra Limited

August 05, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	89.21	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Re-affirmed	Simple
Short Term Bank Facilities	51.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Re-affirmed	Simple
Total	140.21	Rupees One Hundred Forty Crores and Twenty One Lakhs Only			

Details of Facilities are in Annexure 1

Facilities wise lender details are at Annexure – 2

Detailed explanation of covenants is at Annexure – 3

Detailed Rationale

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

The rating continues to draw comfort from the established track record of group and experienced management, favourable location and comfortable progress of ongoing projects. However, these strengths are partially offset by project implementation risk, geographic and project concentration risk and inherent risk of the industry along with intense competition.

The 'Stable' outlook is on account of sales of residential and commercial units expected to follow the projected trajectory. Also, due to increase in demand for all segments augur well as property is one of the conventional and safe ways for investments. The market sentiments and economic conditions have started improving.

IVR has principally relied on the standalone audited financial results of AGI upto 31 March 2024 (Refer period from April 01, 2023 to March 31, 2024) results and projected financials for FY2025, FY2026 and FY2027 and publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the sales with TOI above Rs. 350 crore and collections in the ongoing projects
- Timely completion of project and servicing of debt obligations

Downward Factors

- Significant delay in disbursement of committed lines of funding
- Significant cost overrun and delay in completion of projects.
- Deterioration in debt protection metrics
- Slowdown in saleability of the ongoing projects resulting in collections lower than expected.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of group and experienced management:

Mr. Sukhdev Singh, promoters of AGI Infra Limited, flagship company of the AGI Group has over fifteen years of experience in real estate business. He is ably supported by qualified and well experienced management team. 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 also 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 agent 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



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Land has already been acquired/ available and building permit has 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.

Comfortable progress on the ongoing projects:

AGI is currently developing eight projects at a total project cost of Rs 1,336.54 crore. The project cost is proposed to be funded through debt of around Rs. 86 crore (accounting for only 6.43% of the project cost), promoter contribution of Rs 202.46 crore (accounting for 15.15% of total project cost) and remaining Rs 1,048.08 crore through customer advances (accounting for 78.42% of total project cost). As on June 30, 2024; three of its projects (viz Jalandhar Heights-2 extension launched in 2019, Jalandhar Heights- 3, and AGI Sky Villa launched in 2022) have been financed out of sanctioned bank funding of Rs.86.00 crore and remaining 5 projects ('Urbana Plot', 'Urbana Plot Extension' 'Maxima- (M2)', 'Sky Graden Maxima-II', 'AGI Smart Homes- II) are funded through customer advances and promoters contribution. The company has incurred ~52.13% of the total cost of the project till 30th June 2024 and expected to be completed within due course of time. As on 30th June 2024, the company has sold ~71% units out of 3802 units which have a sales consideration of Rs. ~1336.82 crore and received Rs. 585.78 crore of customer advances translating into ~43.82% of sales consideration of sold units. The unsold inventory of all provides revenue visibility in the medium term.

Key Rating Weaknesses

Project implementation risk

All 8 projects are currently under construction and scheduled for completion of towers' construction by March 2027 as per RERA. Company's ability to execute project as per schedule is highly dependent external factors like timely receipt of regulatory approvals along with



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customer advances and promoters' contribution which forms major portion of the total funding requirement of the project.

Geographic and project concentration risk

The company is exposed to geographic concentration as most of their projects are in Jalandhar, Ludhiana and Kapurthala, real estate markets. Any adverse movement in these real estate markets may adversely impact the sales and collections of the company.

Exposure to risks relating to cyclical in real estate industry:

Cyclical 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 cyclical in the real estate sector.

Analytical Approach: For arriving at the ratings, IVR has analysed AGI credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Infrastructure entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company is projected to maintain an adequate level of inflow and the same is expected to increase gradually with increase in bookings. In addition, availability of escrow mechanism along with DSRA/ISRA account will ensure smooth repayments. Overall liquidity position is expected to be adequate

About the Company

AGI Infra Limited (AGI) was incorporated in May 2005 as G.I. Builders Private Limited jointly promoted by Mr Sukhdev Singh Khinda and Mrs Salwinderjit Kaur. The name of the company was changed to its present one in 2011. AGI is engaged in the construction of residential and



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commercial real estate projects in the state of Punjab. The company is listed on Bombay Stock Exchange and National Stock Exchange. Till date it has delivered around 54.53 lakh square feet (lsf) of residential and commercial real estate space over the last two decades. The company is currently developing 8 residential projects in the city of Jalandhar, Ludhiana and Kapurthala with a total saleable area of 88.41 lsf.

Financials (Standalone):

(Rs. crore)

For the year ended as on	31-03-2023	31-03-2024
	Audited	Audited
Total Income	241.10	292.32
EBITDA	57.78	75.54
PAT	48.13	52.11
Total Debt	48.96	137.67
Tangible Networth	166.21	221.54
EBITDA Margin	23.97	25.84
PAT Margin	19.45	17.29
Overall Gearing ratio	0.29x	0.62x
Interest Service coverage ratio	13.25x	10.38x

Status of non-cooperation with previous CRA: The rating continues under ISSUER NOT COOPERATING category from Brickwork Ratings as per press release dated August 23, 2023, due to non-availability of information for monitoring of rating.

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Facilities/Instrument	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated: June 07, 2023	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	89.21	IVR BBB+/Stable	IVR BBB+/Stable	-	-



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Sr. No.	Type of Facilities/Instrument	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated: June 07, 2023	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
2	Fund Based	Short Term	39.00	IVR A2	IVR A2	-	-
3	Non Fund Based	Short Term	12.00	IVR A2	IVR A2	-	-

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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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information 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
Term Loan	-	-	March 2028	40.00	IVR BBB+/Stable
Term Loan	-	-	August 2028	4.21	IVR BBB+/Stable
Term Loan	-	-	December 2026	20.00	IVR BBB+/Stable
Term Loan	-	-	June 2028	25.00	IVR BBB+/Stable
Overdraft	-	-	-	39.00	IVR A2
Bank Guarantee	-	-	-	12.00	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AGIInfra-aug24.pdf>

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

Annexure 4: 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