



Press Release

Agroh Infrastructure Developers Private Limited (AIDPL)

June 30, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term fund based bank facility – Cash Credit	21.00 (Increased from 20.00)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short term non fund-based bank facility – Bank Guarantee	101.00 (Decreased from 110.00)	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
Short term non fund-based bank facility – Proposed Bank Guarantee	21.00 (Increased from 20.00)	IVR A3+ (IVR A Three Plus)	Assigned	Simple
Total	130.00			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facilities of Agroh Infrastructure Developers Private Limited (AIDPL) continuous to derive comfort from experienced promoters & management team, long track record of the group in road infrastructure segment, healthy order book position, comfortable capital structure and healthy debt protection metrics. However, these rating strengths remain constrained by tender-based nature of operations with intense competition in the industry and Susceptibility of operating margin to volatile input prices.

Key Rating Sensitivities:

Upward Factors

- Sustenance of growth in scale of operations with improvement in profitability
- Steady flow of orders & timely execution of the same on a sustained basis
- Sustenance of capital structure

Downward Factors

- Any deterioration in liquidity profile on a sustained basis
- Moderation in the capital structure with deterioration in overall gearing

List of Key Rating Drivers with Detailed Description



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Key Rating Strengths

Experienced promoters & management team

Agroh Infrastructure Developers Private Limited (AIDPL) was promoted by Shri. Shailendra Singhal. The promoters have rich experience of over four decades in the road construction segment, having successfully executed various projects from NHAI and other government authorities over the years. They are also assisted by a team of experienced professionals having relevant industry experience.

Long track record of the group in road infrastructure segment

AIDPL is a flagship company of Agroh group, controlled by the Singhal family. The group is involved in the construction of infrastructure projects such as highways, bridges, water supply and sewage/drainage systems, etc. for over four decades. The company is actively involved in all verticals and models within construction in India including the traditional route based on payment basis or modern model of PPP (Public Private Partnership). Viz. BOT (Build-Operate-transfer) and Annuity.

Healthy order book position.

AIDPL has healthy unexecuted order book of Rs.766.24 crore as on March 2022. Order-book to TOI ratio remains comfortable at 2.64x over FY23's total operating income (TOI). The order book comprises of three HAM projects.

Comfortable capital structure and healthy debt protection metrics

AIDPL has a comfortable capital structure over the years on the back of its satisfactory net worth base (Rs.413.49 crore as on March 31, 2023). The overall gearing ratio of AIDPL remains comfortable and stood at 0.77x on March 31, 2023 vis-a-vis 0.74x as on March 31, 2022. Total indebtedness of the AIDPL as reflected by the TOL/TNW stood satisfactory at 1.28x as on March 31, 2023. The interest coverage remained strong at 5.09x in FY23.

Key Rating Weaknesses

Tender-based nature of operations with intense competition in the industry

The domestic construction sector is highly crowded with presence of many players with varied statures & capabilities. Further, AIDPL receives all its work orders from government



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departments through tenders floated by the departments and based on its ability to secure these tenders amidst intense price war. Profit margin of the company may come under pressure because of this competitive nature of the industry. However, the promoters' long industry presence imparts comfort.

Susceptibility of operating margin to volatile input prices

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the firm is subject to fluctuation in raw material prices & labour (including subcontracting) cost. Further, AIDPL is exposed to the risk of timely execution of projects

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

The liquidity position of the firm is expected to remain adequate in the near to medium term driven by sufficient cushion in expected accruals in the range of ~Rs.46 crore to Rs.59 crore as compared to debt repayment obligation in the range of ~Rs.25 - 14 crore during FY24-26. however, its average of bank limit utilisation remained moderate at 90.04% for twelve months ended March 2023.

About the Company

Agroh Infrastructure Developments Private Limited (AIDPL) was incorporated on March 13, 2001. AIDPL is the flagship company of Agroh Group and is engaged in EPC work of the Projects awarded to AIDPL and implemented under the wholly owned SPVs of AIDPL. The



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company is actively involved in all verticals and models within construction in India including the traditional route based on payment basis or modern model of PPP (Public Private Partnership). Viz. BOT (Build-Operate-transfer) and Annuity.

Financials (Standalone):

For the year ended/ As on*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	416.45	290.69
EBITDA	56.33	60.85
PAT	16.14	24.51
Total Debt	262.29	357.73
Tangible Networth	346.33	413.49
EBITDA Margin (%)	13.53	20.93
PAT Margin (%)	3.87	8.43
Overall Gearing Ratio (x)	0.74	0.77

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (April 01, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Feb 09, 2022)	Date(s) & Rating(s) assigned in 2020-21
1.	Fund based bank facility – Cash Credit	Long Term	21.00	IVR BBB/ Stable	IVR BBB/ Stable	IVR BBB/ Stable	-
2.	Non fund-based bank facility – Bank Guarantee	Short Term	101.00	IVR A3+	IVR A3+	IVR A3+	-



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3.	Non fund-based bank facility – Proposed Bank Guarantee	Short Term	8.00	IVR A3+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

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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
Long term fund based bank facility – Cash Credit	-	-	-	21.00	IVR BBB/ Stable
Short term non fund-based bank facility – Bank Guarantee	-	-	-	101.00	IVR A3+
Short term non fund-based bank facility –Proposed Bank Guarantee	-	-	-	8.00	IVR A3+

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Agroh-Infra-jun23.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.