

**Rating Rationale**

**Agrawal Infrabuild Pvt. Ltd.**

**7 Jan 2019**

**Brickwork Ratings reaffirms/assigned the ratings for the Bank Loan Facilities of Rs. 181 Crs of Agrawal Infrabuild Pvt. Ltd..**

**Particulars**

Facility	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2018)	Present
<b>Fund based</b>					
Cash Credit	30.00	<b>30.00</b>	Long Term	<b>BWR BBB</b> (Proposed as BWR Triple B) <b>Outlook: Stable</b>	<b>BWR BBB</b> (Proposed as BWR Triple B) <b>Outlook: Stable</b> (Reaffirmed)
<b>Non Fund Based</b>					
Bank Guarantee -Existing -Proposed	51.00 -	<b>51.00</b> <b>100.00</b>	Short Term	<b>BWR A2</b> (Proposed as BWR A Two)	<b>BWR A2</b> (Proposed as BWR A Two) (Reaffirmed / Assigned)
Sub Limit_Letter of Credit	(5.00)	<b>(5.00)</b>			
<b>Total</b>	<b>81.00</b>	<b>181.00</b>	<b>Rupees One Hundred and Eighty One Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Ratings: Reaffirmed /Assigned**

BWR has reaffirmed the long term rating at BWR BBB with stable outlook and reaffirmed/assigned short term rating at BWR A2 for Agrawal Infrabuild Pvt Ltd ('the company' or 'AIPL')

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financials from FY16 to FY18, H1FY19 financials, projection for till FY20 and publicly available information/clarification provided by the management. The rating continuous to factor promoters experience in infrastructure construction sector and healthy order book position of ~Rs. 1500.34 Crs as on December 2018. However the rating is constrained by modest scale of operations, geographical concentration risk, raw material price volatility risk and intense competition from other established players. Going forward, the ability of the company to increase the scale of operation and order book position would be key rating sensitivities.



## Key Rating Drivers

- **Promoters experience and established track record of operations:** The operations of the company is supported by well qualified and experienced promoters/management.
- **Healthy order book position:** AIPL is having healthy order book position of ~Rs. 1506.45 Crs as on December 2018, to be executed by FY22. However, it is been noted that order book is majorly in Chhattisgarh and expected to be in same region over the medium term.
- **Comfortable financial risk profile:** The comfortable financial risk profile of the company is marked by healthy networth, comfortable gearing and healthy debt protection metrics. The net worth of the company stood healthy at Rs. 72.52 as on FY18 as compared to Rs.53.31 Crs as on FY17, mainly on account of retention of current year profit. The gearing of the company stood comfortable at 0.35 times in FY18 due to low external long term borrowing. The interest service coverage ratio of the company stood at 9.18 times in FY18 as compared to 5.26 times in FY17.
- **Liquidity Risk:** Liquidity profile of the company is comfortable with current ratio of 1.72 times as on FY18 as compared to 1.75 times as on FY17. Further cash credit utilisation is at ~60% in the last six months. Cash conversion cycle is comfortable with 19 days in FY18 as against 28 days in FY17.
- **Moderate scale of operations:** On YoY basis total operating income of the company is increasing however, the company needs to improve the scale of operations to sustain its margins in the highly competitive environment. Total operating income of the company stood at Rs. 164.95 Crs as compared total operating income of Rs.80.31 Crs in FY17.
- **High competition and tender based contract:** The rating is constrained by highly fragmented and competitive industry, coupled with a tender based contract awarding system.

## Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

## Rating Outlook: Stable

BWR believes the **Agrawal Infrabuild Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

## About the Company

AIPL was incorporated in the year 2005 by Agrawal family. The company is engaged in civil work particularly in road construction and its maintenance for various state government departments and National Highway Authority of India.

## Company Financial Performance

In FY18, AIPL has registered total operating income of Rs. Crs and PAT of Rs. . Further, the company has achieved revenue of Rs. 119.45 Crs as on 31<sup>st</sup> December, 2018 for FY19.

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (LT/ST)	Amount (₹ Crs)	Rating	June, 2018	March, 2017	2016
1.	Fund Based	Long Term	30.00	<b>BWR BBB (Outlook: Stable)</b>	BWR BBB (Outlook: Stable)	BWR BBB- (Outlook: Stable)	NA
2.	Non Fund Based	Short Term	151.00	<b>BWR A2</b>	BWR A2	BWR A3	NA
	<b>Total</b>		<b>181.00</b>	<b>Rupees One Hundred and Eighty One Crores Only</b>			

Status of non-cooperation with previous CRA: NA

### Key Financial Indicators

Key Parameters	Units	2017	2018
		Audited	Audited
Total Operating Revenue	Crores	80.31	164.95
EBITDA	Crores	13.05	30.85
PAT	Crores	3.87	17.60
Tangible Net worth	Crores	53.31	72.52
Total Debt/Tangible Net worth	Times	0.29	0.35
Current Ratio	Times	1.75	1.72

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)



For any other criteria obtain hyperlinks from website

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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