



Press Release
Topline Infra Projects Private Limited
December 06, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	55.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	11.00	-	ACUITE A2 Assigned
Bank Loan Ratings	119.54	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	189.54	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB+**’ (read as **ACUITE triple B plusa**) and its short-term rating of ‘**ACUITE A2**’ (read as **ACUITE A two**) on the Rs.174.54 Cr. of bank facilities of Topline Infra Projects Private Limited (TIPPL). The outlook is ‘**Stable**’.

Acuite has also assigned its long-term rating of ‘**ACUITE BBB+**’ (read as **ACUITE triple B plusa**) and its short-term rating of ‘**ACUITE A2**’ (read as **ACUITE A two**) on the Rs.15.00 Cr. of bank facilities of Topline Infra Projects Private Limited. The outlook is ‘**Stable**’.

Rationale for Rating Reaffirmation

The rating reaffirmation takes into consideration TIPPL’s steady business risk profile reflected by operating revenues of Rs.283.08 Cr. in FY2024 against Rs.262.38 Cr. FY2023 registering a Y-o-Y growth of ~7.89 percent during the period. Furthermore, the profitability of the company also remained healthy with operating profit margin of 11.08 percent in FY2024 against 10.77 percent in FY2023. TIPPL also has a moderate unexecuted order book position of Rs.676.29 Cr. as of September 2024, reflecting revenue visibility in the near-medium term. The rating also factors in the healthy financial risk profile of the company with healthy net worth, below unity gearing and comfortable debt-protection metrics.

However, the rating is constrained on account of moderate nature of working capital operations, presence in highly competitive industry and tender based nature of operations.

About the Company

Topline Infra Projects Private Limited (TIPPL), is a Kolkata based company that was incorporated in 2004 and is promoted by Mr. Saurav Agarwal and Mr. Gaurav Agarwal. The company is engaged in undertaking of civil construction of roads and railway platforms, mainly in Ladakh and state of Bihar. Further company is also in the business of Operation and Maintenance of toll booths across the country.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of TIPPL to arrive at the rating.

Key Rating Drivers

Strengths

Established operations in infrastructure industry with experienced management

TIPPL, incorporated in 2004, has track record of operations of around two decades in the infrastructure industry. The promoters of TIPPL, Mr. Saurav Agarwal and Mr. Gaurav Agarwal have extensive experience in the civil construction business which has enabled the company to obtain orders from reputed clientele reflected by outstanding order book position of Rs.676.29 Cr. as of September 2024. Furthermore, the operating revenues of the company increased to Rs.283.08 Cr. in FY2024 against Rs.262.38 Cr. FY2023 registering a Y-oY growth of ~8 percent during the period. Furthermore, the profitability of the company also remained healthy with operating profit margin of 11.08 percent and absolute profit after tax of Rs.12.78 Cr. in FY2024.

Acuite believes that the promoters' experience and healthy relations with its customers will continue to benefit TIPPL over the medium term.

Healthy financial risk profile

The financial risk profile of the company remained healthy marked by healthy network, low gearing and comfortable debt protection matrices. The tangible net worth of the company stood at Rs.146.91 Cr. as on 31 March 2024 as against Rs.134.13 Cr. as on 31 March 2023. The improvement is led by increase in tangible net worth on account of accretion of profit to reserves. The debt-equity ratio continues to remain below unity and improved at 0.23 times as of March 31, 2024 as against 0.52 times as of March 31, 2023. The total debt stood at Rs.33.77 Cr. as of March 31, 2024 against Rs.70.17 Cr. as of March 31, 2023. The interest coverage ratio improved to 3.97 times for FY2024 against 3.53 times for FY2023, led by increase in operating profit. The net cash accruals to total debt improved in FY2024 to 0.59 times against 0.25 times in FY2023. The total outstanding liability to tangible net worth improved to 0.30 times during FY2024 as against 0.61 times in FY2023. The debt-EBITDA improved to 1.02 times in FY2024 against 2.35 times in FY2023.

Acuite believes that going forward the financial risk profile of the company is likely to remain healthy backed by steady accruals and no major debt funded capex plans.

Moderate order book position

The outstanding order book of the company stands at Rs.676.29 Cr. as of September 2024. The order book comprises of 18 ongoing orders and four new L1 projects received by the company on which the work will start soon. The orders in hand are to be completed in next 2-3 years, thereby providing revenue visibility in the short medium term. The orders also have escalation clause for orders with tenor above one-year w.r.t labour and material. The increase in labour cost is compensated as per CPI and materials as per WPI. The work order comprises of widening and upgradation of National Highways, improvement and road maintenance works in Bihar and West-Bengal. The company executes entire order on its own and subcontracts semi-skilled and unskilled portion of work. On clientele front, major portion of orders are executed for National Highway Authority of India followed by Road Construction Department of Bihar. As the major orders are being executed for NHAI, the bills are received within 2-3 days of raising the same. On geographical front, the major portion of orders, top two order are being executed in Ladakh, followed by Bihar.

Weaknesses

Moderate Nature of Working Capital Operations

The company has a moderate working capital management along with low bank limit utilization. The Gross Current Asset (GCA) days stood at 128 days in FY2024 as against 167 days in FY2023. The GCA days improved on account of low inventory levels during the year. The inventory levels stood at 89 days in FY2024 when compared against 155 days in FY2023. The creditor days stood at 9 days in FY2024 as against 19 days in FY2023. The average utilization of the bank limits of the company stood moderate as the fund-based facilities stood at ~33.88% and non-fund-based facilities stood at ~59.73% in the last 6 months ended September 2024. Going ahead, the working capital operations are expected to remain moderate in near term.

Tender based nature of operations and competitive industry

TIPPL executes government road construction/widening projects. The revenue of the company is highly dependent on the number and value of tenders floated by the Government. Since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Acuite believes that the ability of the firm to maintain the scale of operations along with profitability would be the key rating sensitivity factor over the medium term.

Rating Sensitivities

- Significant improvement in the scale of operations while maintaining the profitability.

- Sustained order-book growth.
- Further elongation in working capital cycle.

Liquidity Position

Adequate

The liquidity profile of the company continues to remain adequate with moderate cash accruals and moderately utilised bank limits. The company generated cash accruals of Rs.20.00 Cr. against repayment obligation of Rs.9.26 Cr. in FY2024. The working capital management of the company is moderate with GCA days at 128 days in FY2024. However, the company draws comfort from moderately utilised fund-based working capital limits which stood at 33.77% for last 6 months ending September 2024. Going ahead, the company is expected to generate cash accruals in the range of Rs.23.83 Cr- Rs.27.36 Cr. in FY2025 & FY2026 against repayment obligation of Rs.7.33 Cr. and Rs.2.52 Cr. respectively.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	283.08	262.38
PAT	Rs. Cr.	12.78	9.18
PAT Margin	(%)	4.51	3.50
Total Debt/Tangible Net Worth	Times	0.23	0.52
PBDIT/Interest	Times	3.97	3.53

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Sep 2023	Bank Guarantee/Letter of Guarantee	Short Term	72.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	16.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A2 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	1.56	ACUITE A2 (Reaffirmed)
	Term Loan	Long Term	1.98	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Reaffirmed)
01 Jul 2022	Bank Guarantee/Letter of Guarantee	Short Term	100.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	8.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	3.30	ACUITE BBB+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	0.01	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB+ Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.98	ACUITE BBB+ Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Assigned)
	Working Capital Term Loan	Long Term	0.24	ACUITE BBB+ Stable (Reaffirmed)
03 Jun 2022	Bank Guarantee (BLR)	Short Term	100.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	3.30	ACUITE BBB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.22	ACUITE BBB+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	0.01	ACUITE BBB+ Stable (Reaffirmed)
17 May 2022	Bank Guarantee (BLR)	Short Term	100.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Negative (Reaffirmed)
	Term Loan	Long Term	0.01	ACUITE BBB+ Negative (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	3.30	ACUITE BBB+ Negative (Reaffirmed)

	Proposed Long Term Bank Facility	Long Term	3.22	ACUITE BBB+ Negative (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	0.01	ACUITE BBB+ Negative (Reaffirmed)
22 Feb 2021	Bank Guarantee (BLR)	Short Term	100.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	30.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	1.08	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Term Loan	Long Term	0.66	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Working Capital Demand Loan (WC DL)	Long Term	3.80	ACUITE BBB+ Stable (Assigned)
	Working Capital Demand Loan (WC DL)	Long Term	1.00	ACUITE BBB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A2 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE A2 Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	43.00	Simple	ACUITE A2 Reaffirmed
Federal Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.00	Simple	ACUITE A2 Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A2 Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A2 Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB+ Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB+ Stable Reaffirmed
Federal Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BBB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.54	Simple	ACUITE A2 Reaffirmed

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