



**Press Release**  
**SHREE BALAJI ENGICONS LIMITED**  
**January 30, 2025**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.00	ACUITE A   Stable   Assigned	-
Bank Loan Ratings	192.36	ACUITE A   Stable   Reaffirmed	-
Bank Loan Ratings	169.00	-	ACUITE A1   Assigned
Bank Loan Ratings	359.00	-	ACUITE A1   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	721.36	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating to **‘ACUITE A’ (read as ACUITE A)** and short-term rating to **‘ACUITE A1’ (read as ACUITE A one)** on the Rs. 551.36 Cr. bank facilities of Shree Balaji Engicons Limited. (SBEL). The outlook is **‘Stable’**.

Acuite also assigned its long-term rating to **‘ACUITE A’ (read as ACUITE A)** and short-term rating to **‘ACUITE A1’ (read as ACUITE A one)** on additional Rs.170.00 Cr. bank facilities of Shree Balaji Engicons Limited (SBEL). The outlook is **‘Stable’**.

**Rationale for rating**

The rating reaffirmation factors in sustenance of operating performance and healthy order book position of the company. The rating also draws comfort from the experienced management and healthy financial risk profile. However, the rating is constrained on account of moderate working capital requirements and high geographic concentration risk amidst intense competition, fluctuating input prices and tender based nature of business.

**About the Company**

Incorporated in 1998, Shree Balaji Engicons Limited (SBEL) is an Odisha-based company engaged in civil construction work for roads, highways, bridges, buildings, and railway infrastructure projects for government entities in Odisha, Jharkhand, Jammu & Kashmir, Bihar and Chhattisgarh. The company is a Class I civil contractor with the Public Works Department (PWD), Odisha. Currently, the company is promoted by Mr. Anil Kumar Agrawal, Mr. Sushil Kumar Agrawal and Mr. Pradip Kumar Agrawal.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of SBEL while arriving at the rating.

### **Key Rating Drivers**

#### **Strengths**

## **Experienced management and established track record of operations**

SBEL has a long execution track record of over 30 years in the civil construction business with established track record of projects related to building and bridges. The company is managed by Anil Agarwal and his family. There is customer-wise demarcation of authorities and responsibilities among the directors, which enables smooth execution of the projects. The timely execution of the projects has helped the company in improving its market presence in Odisha.

## **Reputed clientele**

SBEL continues to be a Class 1 contractor for Orissa Public Works Department (PWD), National Highway Authority of India (NHAI), NTPC Limited and different departments of Railways. SBEL is entitled to bid for orders of any size. The company has orders from Govt companies like IOCL and MCL. The company also bid offers for the private parties such as GR Infraprojects Limited and TRL Krosaki Refractories Ltd. among others. SBEL has diversified in the past few years, with orders inflow from irrigation, riverfront project and bridge construction segments as well.

## **Improvement in overall operating performance**

The revenue of SBEL improved and stood at Rs. 766.72 Cr. in FY2024 as against Rs. 675.37 Cr. in FY2023 registering a growth of ~13 percent. Despite of increase in the overall operating costs and depreciation charges during the year, the operating and net profit margin of the company improved and stood at 11.59 percent and 4.02 percent respectively in FY2024 as against 9.56 percent and 3.72 percent respectively in FY2023.

For 9M FY2025, company has achieved revenue of Rs. 590.00 Cr. The company has unexecuted orderbook as on December 2024 of Rs. 2280.00 Cr. which provides revenue visibility over the medium term, however ability of the company to consistently improve its scale of operations while maintaining the profitability margins and to complete the work orders on timely basis without any significant delays will remain a key monitorable.

## **Healthy financial risk profile**

Financial risk profile of SBEL remained healthy marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net-worth of the company stood healthy at Rs. 261.76 Cr. as on 31 March, 2024 as against Rs. 230.90 Cr. as on 31 March, 2023 due to accretion of profits to reserves. The gearing (debt-equity) stood marginally improved at 0.37 times as on 31 March, 2024 as against 0.55 times as on 31 March, 2023 due to an decrease in the company's overall debt of Rs. 97.58 Cr. in FY2024 as against Rs. 127.63 Cr. in FY2023. The gearing is however expected to improve and remain low over the medium term in the absence of any significant debt funded capex plan.

The interest coverage ratio and DSCR marginally declined at 3.53 times and 1.81 times for FY2024 as against 4.33 times and 2.00 times for FY2023. The Net Cash Accruals to Total debt stood at 0.57 times for FY2024 as against 0.35 times for FY2023. The Total outside liabilities to Tangible net worth stood at 0.90 times for FY2024 as against 1.18 times for FY2023. The Debt-EBITDA ratio stood increased at 1.05 times for FY2024 as against 1.87 times for FY2023.

Acuité believes that the financial risk profile of SBEL will remain healthy over the medium term due to its comfortable debt protection metrics and absence of debt funded capex plan.

## **Weaknesses**

### **Working capital intensive operations**

The operations of SBEL are working capital intensive marked by its Gross Current Assets (GCA) of 151 days for FY2024 as against 184 days for FY2023. The inventory cycle of the company stood low at 68 days for FY2024 as against 96 days for FY2023 marked by an overall decrease in the work in progress levels at various sites whereas the receivables cycle stood at similar levels of 31 days for FY2024 as against 37 days for FY2023. The working capital requirement is inherently high in the construction industry, given the dependence on the state and central government authorities for timely receipt of payments. In general, majority of the billing towards the work orders get realised by the company during the third and fourth quarter of the year due to which the company generates higher revenue during this period. Further, the creditors cycle of the company stood at 74 days in FY2024 as against 109 days in FY2023.

Acuité believes that the ability of SBEL to improve working capital cycle over the medium term will remain a key rating sensitivity factor.

### **Geographic concentration risk**

SBEL provides civil construction services mainly to the Central & State Government authorities of Odisha where few of the orders are from Jharkhand, Chhattisgarh and different departments of Indian Railways. The revenue of the company is highly dependent on the number and value of tenders floated by each of these authorities. Also, SBEL faces intense competition from several mid to big size players. Risk is more pronounced as tendering is based on minimum amount of bidding of contracts.

### **Competitive and fragmented industry**

SBEL is exposed to the cyclical nature inherent in the construction industry and intense competition in the tender based contract award system, along with fluctuations in input costs (steel, cement etc.) likely to result in volatility in revenues and profit margins. However, its long standing promoter's presence, past track record of timely execution of projects and established relationship with the clients led to healthy repeat order inflow.

### **Rating Sensitivities**

- Timely execution of order book and order book position
- Significant and sustained improvement in revenues and profitability margins.
- Ability to improve working capital cycle
- Changes in financial risk profile
- Geographical diversification

### **Liquidity Position Adequate**

SBEL has adequate liquidity position marked by sufficient net cash accruals (NCA) to its maturing debt obligations. The company generated cash accruals of Rs.55.72 Cr. in FY2024 against its debt repayment obligation in the of Rs.18.97 Cr. during the same period. Going forward, the NCA are expected in the range of Rs.60.00 Cr. to Rs.80.00 Cr. for the period FY2025-FY2026 against its debt repayment obligation in the range of Rs.20.00 Cr. to Rs.30.00 Cr. during the same period. The average bank limit utilization for six months' period ended November 2024 stood moderate at ~70 percent. Current ratio stands at 2.16 times as on 31 March 2024. The company has maintained cash & bank balance of Rs.13.20 Cr. in FY2024.

Acuité believes that the liquidity of SBEL is likely to remain adequate over the medium term on account of sufficient cash accruals against its maturing debt obligations.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	766.72	675.37
PAT	Rs. Cr.	30.85	25.11
PAT Margin	(%)	4.02	3.72
Total Debt/Tangible Net Worth	Times	0.37	0.55
PBDIT/Interest	Times	3.53	4.33

### 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Nov 2023	Cash Credit	Long Term	42.75	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.86	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.59	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.25	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	5.95	ACUITE A   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	47.96	ACUITE A   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	183.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	55.00	ACUITE A1 (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A1 (Reaffirmed)
16 Jan 2023	Cash Credit	Long Term	32.75	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	8.07	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.79	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.25	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.50	ACUITE A   Stable (Reaffirmed)
	Proposed Term Loan	Long Term	9.64	ACUITE A   Stable (Reaffirmed)
	Proposed Term Loan	Long Term	40.36	ACUITE A   Stable (Assigned)
	Proposed Cash Credit	Long Term	20.00	ACUITE A   Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	110.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	31.00	ACUITE A1 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	155.00	ACUITE A1 (Assigned)
24 Nov 2022	Cash Credit	Long Term	32.75	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	9.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.00	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	8.07	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	0.79	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.25	ACUITE A   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	6.50	ACUITE A   Stable (Reaffirmed)
	Proposed Term Loan	Long Term	9.64	ACUITE A   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	110.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	30.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	31.00	ACUITE A1 (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	183.00	Simple	ACUITE A1   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.00	Simple	ACUITE A1   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1   Reaffirmed
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A1   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	ACUITE A1   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A1   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	29.00	Simple	ACUITE A1   Assigned
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A1   Assigned
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1   Assigned
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE A1   Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A   Stable   Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.00	Simple	ACUITE A   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Covid Emergency Line.	23 Jun 2022	Not avl. / Not appl.	23 May 2028	5.49	Simple	ACUITE A   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	03 Nov 2021	Not avl. / Not appl.	03 Oct 2026	5.19	Simple	ACUITE A   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A1   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	85.68	Simple	ACUITE A   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A   Stable   Reaffirmed

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### About Acuité Ratings & Research

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