



Press Release
Madhusudan Agrawal Project Private Limited
July 22, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	23.46	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	20.00	-	ACUITE A3 Assigned
Bank Loan Ratings	41.54	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.65.00 Cr bank facilities of Madhusudan Agrawal Project Private Limited (MAPPL). The outlook remains '**Stable**'.

Further, Acuité has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.25.00 Cr bank facilities of Madhusudan Agrawal Project Private Limited (MAPPL). The outlook is '**Stable**'.

Rationale for reaffirmation of the rating

The rating reaffirmation reflects the stable business risk profile of MAPPL marked by steadily rising scale of operations and comfortable profitability margins. The company has achieved revenues of Rs.233.80 Cr. in FY2024 (Provisional) as compared to revenues of Rs. 159.19 Cr. in FY2023 and Rs.102.00 Cr. in FY2022. The rating also favourably factors in the comfortable order book position of Rs. 688.62 Cr. as on May, 2024 and the reputed clientele base comprising of Indian Railways, MRIDC and HPCL. The rating further considers the experienced management and the long standing operations of the company. These strengths are, however, partly offset by the moderate financial risk profile and the working capital intensive nature of operations of the company.

About the Company

Incorporated in 1989, Madhusudan Agrawal Project Private Limited (MAPPL), was erstwhile a proprietorship firm and later reconstituted as a private limited company in 2020. Based in Chhattisgarh, MAPPL is headed by Mr. Madhusudan Agrawal along with the other promoters Mr. Devesh Agrawal and Mr. Dakshesh Agrawal. The company is engaged in civil construction projects for roads, railway stations, buildings and related ancillary works. It undertakes construction works for Indian Railways, MRIDC and HPCL.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Madhusudan Agrawal Project Private Limited (MAPPL).

Key Rating Drivers

Strengths

Established track record of operations aided by experienced management

MAPPL has been in operations for more than two decades and has established healthy relationships with the clientele namely, Indian Railways, MRIDC and HPCL. The company's growth is aided by the industry experience of Mr. Madhusudan Agrawal along with the other promoters Mr. Devesh Agrawal and Mr. Dakshesh Agrawal. Acuité believes that the long standing operations and the vintage of the promoters coupled with healthy relations with the clientele will continue to benefit the company going forward.

Steady business risk profile supported by comfortable orderbook position

The company has witnessed steady rise in the scale of operations and has achieved revenues of Rs.233.80 Cr. in FY2024 (Provisional) as compared to revenues of Rs.159.19 Cr. in FY2023 and Rs.102.00 Cr. in FY2022. The rise in the operating income is supported by increase in the order book size and timely execution of it. The company has an unexecuted order book position of Rs. 688.62 Cr. as on May 2024. The orders to be executed provides revenue visibility in the medium term. Moreover, the EBIDTA of the company increased to Rs.18.72 Cr. in FY2024 (Provisional) from Rs. 13.11 Cr. in FY2023. The operating margin stood stagnant at 8.01 percent in FY2024 (Provisional) as compared to 8.23 per cent in FY2023. The PAT margin also remained to 4.31 per cent in FY2024 (Provisional) against 4.23 per cent in FY2023. Acuite believes that, the business risk profile is likely to remain steady over the medium term supported by the comfortable revenue visibility from the order book position and the repetitive orders from the reputed clientele base.

Strong Clientele base with diversified geographical presence

The company has a strong and reputed clientele base namely, Indian Railways (primarily the South East Central Railway division, MRIDC and HPCL. The presence of the government clientele keeps the counterparty default risk lower. Moreover, the company has established a diversified presence with operations in Chhattisgarh, Madhya Pradesh and Maharashtra.

Weaknesses

Moderate financial risk profile

The moderate financial risk profile of the company is marked by low but improving net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth of the company increased to Rs.29.57 Cr. as on March 31, 2024 (Provisional) from Rs.19.50 Cr. as on March 31, 2023 due to accretion of profits to the reserves. Acuité has considered unsecured loans of Rs.1.90 Cr. as on March 31, 2024, as quasi-equity as the management has undertaken to maintain the amount in the business over the medium term. Gearing of the company stood moderate at 1.09 times as on March 31, 2024 (provisional) as against 1.39 times as on March 31, 2023, whereas, Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at a moderate level of 2.10 times as on March 31, 2024 (Provisional) as against 2.50 times as on March 31, 2023. The comfortable debt protection metrics is marked by Interest Coverage Ratio at 8.36 times and Debt Service Coverage Ratio at 2.40 times as on March 31, 2024 (Provisional). Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.42 times as on March 31, 2024 (Provisional). Acuité believes that going forward the financial risk profile is likely to remain moderate over the medium term, in the absence of any major debt funded capex plans.

Working capital intensive nature of operations

The company's intensive working capital cycle is marked by Gross Current Assets (GCA) of 113 days as on 31st March, 2024 (Provisional) as compared to 121 days as on 31st March, 2023. The GCA days are moderately high on account of high current assets to the tune of

Rs.45.48 Cr. in FY2024 (Provisional) comprising of security deposits with government authorities of Rs.24.57 Cr. and balance with JV firms of Rs.4.88 Cr. over the same period. However, the inventory holding stood comfortable at 46 days as on 31st March, 2024 (Provisional) as compared to 47 days as on 31st March, 2023 owing to easy availability of the raw materials. The creditor days stood at 39 days in FY2024(Prov) as compared to 54 days in FY2023. Moreover, the debtor period stood low 1 day in 31st March 2024 (Provisional) which is at the same level of 1 day as on 31st March 2023. Acuité believes that the working capital operations of the company may continue to remain around the similar levels as evident from the moderate inventory levels and the high current assets due to the nature of the business.

Rating Sensitivities

- Increase in the scale of operations while improving profitability margins
- Reduction in order flow
- Improvement in the capital Structure

Liquidity Position Adequate

The company's liquidity position is adequate marked by steady net cash accruals of Rs.13.69 Cr. as on March 31, 2024 (Provisional) against long term debt repayment of only Rs.2.77 Cr. over the same period. The fund based bank limit utilization stood moderate at 65.12 percent for the last six months ended May, 2024. The current ratio stood moderate at 1.47 times as on March 31, 2024 (Provisional) as compared to 1.43 times as on March 31, 2023. However, the working capital cycle of the company is intensive in nature marked by Gross Current Assets (GCA) of 113 days as on 31st March, 2024 (Provisional) as compared to 121 days as on 31st March, 2023. Acuité believes that, going forward, the liquidity position will continue to remain adequate over the medium term backed by steady accruals, absence of any major capex plans and moderate current ratio.

Outlook: Stable

Acuité believes that the outlook on Madhusudan Agrawal Project Private Limited (MAPPL) will remain 'Stable' over the medium term on account of the experienced management, comfortable order book position and steady business risk profile. The outlook may be revised to 'Positive' in case of significant growth in revenue and operating margins from the current levels along with significant improvement in the financial risk profile and improvement in the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a decline in revenue or operating margins, deterioration in financial risk profile or further elongation in its working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	233.80	159.19
PAT	Rs. Cr.	10.08	6.73
PAT Margin	(%)	4.31	4.23
Total Debt/Tangible Net Worth	Times	1.09	1.39
PBDIT/Interest	Times	8.36	5.46

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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
11 Aug 2023	Cash Credit	Long Term	7.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.15	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	5.60	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.25	ACUITE BBB- Stable (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A3 (Reaffirmed)
06 Jun 2022	Cash Credit	Long Term	7.00	ACUITE BBB- Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab and Sind Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A3 Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE A3 Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	19.00	ACUITE A3 Assigned
A U Small Finance Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.00	ACUITE BBB- Stable Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2027	Simple	0.86	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.54	ACUITE A3 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.00	ACUITE A3 Assigned
Punjab and Sind Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB- Stable Reaffirmed
Punjab and Sind Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB- Stable Assigned
A U Small Finance Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Jan 2028	Simple	4.60	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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