



Press Release
PRA India Private Limited (Erstwhile P R Agrawal Project Private Limited)
August 06, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE A Stable Reaffirmed	-
Bank Loan Ratings	140.00	-	ACUITE A1 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	160.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of **'ACUITE A' (read as ACUITE A)** and the short-term rating of **'ACUITE A1' (read as ACUITE A one)** on the Rs.160.00 crore of bank facilities of PRA India Private limited (Erstwhile P R Agrawal Project Private Limited) (PIPL). The outlook is **'Stable'**.

Rationale for reaffirmation:

The rating reaffirmation considers the group's improvement in operational performance during FY2024 (Prov) and the healthy financial profile of the group. The operating income of Barbrik Group has been consistently growing since the last two years ended in FY2024 (Prov). The group has shown YOY growth in its operating income by registering a growth rate of ~16.98 percent in FY2024 (Prov) as compared to FY2023. It has registered moderate growth in its operating profit margin in FY2024 (Prov.) in relation to the previous year, driven by low sub-contracting expenses. Further, the rating continues to derive strength from the extensive experience of the promoters, as evidenced by the healthy order book, which stood at Rs. 2655.71 Cr. as on May 2024.

The rating, however, remains constrained by working capital-intensive operations.

About the Company

Chhattisgarh based, PRA India Private limited (PIPL) was incorporated in 2019 by Mr. Rajesh Kumar Agrawal. The company is engaged in civil construction work and currently undertakes projects subcontracted by Barbrik Project Limited.

About the Group

Barbrik Project Limited (BPL) was established as a partnership firm in 1985 and subsequently converted into a private limited company in 2008. The entity has been promoted by the Agarwal family of Chhattisgarh and is engaged in the construction of roads, bridges and highways. The company is a registered contractor for Public Works Department (PWD) of Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Odisha and Bihar along with National Highway Authority of India (NHAI) and State Highway Authority of Jharkhand (SHAJ). The company is also engaged in undertaking logistic service for Central Coalfield Limited, Northern Coalfield Limited and Adani Enterprises Limited. Currently, the company is managed by Mr. Ramesh Kumar Agrawal, Mr. Rajesh Kumar Agrawal, Mr. Kanhaiya Lal Agrawal, Mr. Ayush Kumar Agrawal and Mr. Sourabh Agrawal.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the financial and business risk profile of Barbrik Project Limited (BPL) and PRA INDIA PRIVATE LIMITED (PIPL). The group is herein being referred to as Barbrik Group. The same is on account of common management, same line of operations and significant operational and financial linkages.

Key Rating Drivers

Strengths

- **Experienced management and long track record of operations and healthy order book**

The group has a long execution track record of 35 years in the civil construction business with an established track record of projects related to roads, highways, and bridges. The promoters of the group, Mr. Ramesh Kumar Agrawal, Mr. Rajesh Kumar Agrawal, and Mr. Kanhaiya Lal Agrawal, possess more than three decades of experience in the infrastructure industry. The second-generation promoters, Mr. Ayush Kumar Agrawal and Mr. Sourabh Agrawal (son of Mr. Ramesh Kumar Agrawal), have joined the business and also have more than a decade of experience in the infrastructure industry. The group has a long presence in this sector and has established a healthy relationship with customers for more than a decade. The timely execution of the projects has helped the group improve its market presence in Odisha, Chhattisgarh, Madhya Pradesh, Jharkhand, and Maharashtra. Group has bagged a HAM project of Rs 865 Cr. from NHAI through its SPV PRA Hatibena Badakumari Expressway (PRA HBEPL). PRA Group has a 100 percent stake in PRA HBEPL. (sponsor: Barbrik Projects Ltd., 76%) and PRA India Private Limited, 24%). The said project received its appointment date on March 4, 2022. Further, the HAM Project had completed 95 percent physical progress as of May 2024, which concludes that the company has achieved its 10th payment milestone in terms of physical progress and has also received payment for the same, and it clearly depicts the strength and experience of the sponsors. Further, the group has also bagged another HAM project of Rs. 732 Cr. plus GST from NHAI through its SPV, PRA Gola Ormanjhi Highway Private Limited (PRA PGOHPL). The said project received its appointment date on June 21, 2023. Groups' order book as on May 31, 2024 stands at Rs 2,655.71 Cr, with major contributions from the by-roads (HAM), roads – EPC, coal overburden removal, and hydropower segments. The outstanding order book is 2.6x of the FY2024 (Prov) revenue. Acuité derives comfort from the long experience of the promoters in civil construction work and their healthy order book positions.

- **Improving scale of operations**

The revenue of the group stood healthy at Rs.1010.39 Cr. in FY2024 (Prov), with a YOY increase of 16.98 percent as compared to Rs.863.72 Cr. in the previous year. The improvement in revenues in FY2024 is on account of orders executed on time and the start of HAM projects. The operating margins ranged between 15.57-14.84 percent for the last two years ended FY2024 (Prov). Acuite believes the revenue of the company will increase going forward based on the healthy unexecuted order book in hand.

- **Healthy financial risk profile**

The group's financial risk profile is healthy, marked by a healthy net worth and gearing, along with healthy debt protection metrics. The net worth of the company stood at Rs.435.61 Cr. and Rs.349.67 Cr. as on March 31, 2024 (prov) and 2023 respectively. The improvement is on account of the healthy accumulation of net profit in the reserves. The gearing of the company stood at 0.40 times as on March 31, 2024(Prov) as opposed to 0.38 times as on March 31, 2023. The group's debt protection metrics are healthy,

marked by Interest coverage ratio and debt service coverage ratio stood at 10.92 times and 1.99 times as on March 31, 2024 (prov), respectively, as against 9.65 times and 2.26 times as on March 31, 2023 respectively. TOL/TNW stood at 1.12 times and 1.17 times as on March 31, 2024 (Prov) and 2023, respectively. The debt to EBITDA of the company stood at 1.06 times as on March 2024 (prov) as against 0.97 times in FY2023. Going forward, Acuite believes the financial risk profile of the group will remain healthy on account of steady net cash accruals and no major debt-funded capex plan.

Weaknesses

- **Intensive Working capital operations**

The group has intensive working capital operations, marked by gross current assets of 173 days in FY2024 (Prov) as against 161 days in FY2023. However, there is a slight increase in GCA days on account of the increase in debtor days. Inventory days stood at 29 days as on March 31, 2024 (prov) as against 37 days as on March 31, 2023. The debtor day stood at 66 days as on March 31, 2024 (prov) as against 51 days as on March 31, 2023. Further, the high GCA days also emanate from the high other current asset of Rs.198.48 cr. in FY 2024 (Prov). Acuite believes the working capital requirement is likely to remain at similar levels over the medium term.

Rating Sensitivities

- Scaling up of operations while maintaining their profitability margin
- Timely execution of orders
- Sustenance of existing financial risk profile with healthy capital structure

Liquidity Position: Adequate

The group's liquidity is adequate, with adequate NCAs for its repayment obligations. Group generated cash accruals of Rs.120.57 Cr during FY2024(Prov), while it's maturing debt obligations are Rs.52.97 Cr during the same period. The cash accruals of the company are estimated to remain around Rs.138-155 Cr during FY2024-25, while their repayment obligations are Rs. 39-37Cr during the same period. The company has maintained unencumbered cash and bank balances Rs.27.25 Cr and the current ratio stood at 1.20 times as on March 31, 2024(prov). Further, the average bank limit utilization in the last six months ended June 24 remained at ~77 percent for fund-based and 54 percent for non-fund-based. Acuite expects that the liquidity of the company is likely to be adequate over the medium term on account of healthy cash accruals.

Outlook: Stable

Acuite believes the group's outlook will remain 'stable' over the medium term on account of the vast experience of the promoters, long execution track record, healthy order book position and strong financial risk profile. The outlook may be revised to 'Positive' in case the group registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of a decline in the group's revenues or profit margins, or in case of deterioration in the group's financial risk profile and liquidity position or delay in completion of its projects or further deterioration in its working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	1010.39	863.72
PAT	Rs. Cr.	85.92	69.58
PAT Margin	(%)	8.50	8.06
Total Debt/Tangible Net Worth	Times	0.40	0.38
PBDIT/Interest	Times	10.92	9.65

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

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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
24 Jul 2024	Cash Credit	Long Term	2.00	ACUITE A Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE A Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	10.00	ACUITE A Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A1 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	52.00	ACUITE A1 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	48.00	ACUITE A1 (Reaffirmed)
08 Jan 2024	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A1 (Upgraded from ACUITE A2+)
	Bank Guarantee (BLR)	Short Term	52.00	ACUITE A1 (Assigned)
	Proposed Bank Guarantee	Short Term	48.00	ACUITE A1 (Assigned)
	Cash Credit	Long Term	8.00	ACUITE A Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE A Stable (Upgraded from ACUITE A- Stable)
	Proposed Cash Credit	Long Term	10.00	ACUITE A Stable (Assigned)
06 Apr 2023	Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2+ (Reaffirmed)
17 Nov 2022	Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	11.00	ACUITE A2+ (Assigned)
28 Dec 2021	Proposed Cash Credit	Long Term	1.00	ACUITE A- Stable (Assigned)
	Proposed Cash Credit	Long Term	1.00	ACUITE A- Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	9.00	ACUITE A2+ (Assigned)
	Proposed Bank Guarantee	Short Term	20.00	ACUITE A2+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
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	40.00	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.	Simple	52.00	ACUITE A1 Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE A Stable Reaffirmed
A U Small Finance Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	48.00	ACUITE A1 Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	PRA India Private limited (Erstwhile P R Agrawal Project Private Limited)
2	Barbrik Project Limited

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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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