



Press Release
AKHIL INFRA PROJECTS PRIVATE LIMITED
July 09, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.78	ACUITE BBB Stable Upgraded	-
Bank Loan Ratings	120.22	-	ACUITE A3+ Upgraded
Total Outstanding Quantum (Rs. Cr)	140.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to ‘ACUITE BBB’ (read as ACUITE triple Bf) from ‘ACUITE BBB-’ (read as ACUITE triple B minus) and short-term rating to ‘ACUITE A3+’ (read as ACUITE A three plus) from ‘ACUITE A3’ (read as ACUITE A three) on Rs. 140.00 Cr. bank facilities of Akhil Infra Projects Private Limited (AIPPL). The outlook is ‘Stable’.

Rationale for rating upgrade

The rating upgrade takes into consideration the improving operating performance of the company over the years and healthy outstanding order book providing sound revenue visibility over the medium term. The rating reflects the company’s experienced management, established track record of operations, and long-standing relationships with government authorities. Further, the rating considers the moderate financial risk profile of the company with growing net worth, promoter infusions and moderate working capital utilisation. However, the rating continues to remain constrained on account of intensive working capital operations and risks pertaining to competitive and fragmented industry.

About the Company

Incorporated in 2013, Akhil Infra Projects Private Limited (AIPPL) is a Karnataka based company engaged in civil construction, specializing in irrigation, water supply, drainage sector and treatment plants. The registered office of the company is in Bangalore and is promoted by G. Sathyanarayana and G. Bhagya Rathna.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the AIPPL to arrive at this rating.

Key Rating Drivers

Strengths

Established track of operations and experienced management

The company is a first-class civil contractor, having established presence in executing specialized projects of underground works, water sewage treatment plants, irrigation, etc. The company is owned and operated by Mr.

Satyanarayana Ganamani, who has more than two decades of experience in the field of civil construction. The promoters' extensive industry experience and past record of timely execution of projects have aided the company in establishing relations with various Karnataka government divisions. Moreover, the company has diversified its operations by undertaking central government projects under Atal Mission for Rejuvenation and Urban Transformation 2.0 (AMRUT 2.0) and Jal Jeevan Mission which has significantly contributed to its increasing scale of operations. Further, the company proposes to expand its operations to electrical sector also for which they have received their contractor license in the month of June 2024.

Improving operating performance supported by healthy order book

The company marked an operating revenue of Rs. 169.19 Cr. in FY25 (Prov.) as compared to Rs. 134.38 Cr. in FY24. Further, AIPPL has outstanding unexecuted order book of Rs. 624.60 Cr. as on March 31, 2025 (3.69x of the FY25 revenue) to be executed in the next 2-3 years. Apart from this order book, the company has been marked as L1 bidder for projects worth Rs. 70 Cr. The operating margin of the company also stood improved at 10.99 percent in FY25 (Prov.) as compared to 9.42 percent in FY24 owing to reduced subcontracting expense. Moreover, the company has booked a revenue of ~Rs. 75 Cr. (consisting of billed and unbilled revenue) till June 28, 2025. However, the continued growth in order book, timely execution of contracts at steady margins shall be a key rating sensitivity.

Moderate financial risk profile

The tangible net worth stood at Rs. 43.70 Cr. as on March 31, 2025 (Prov.) as compared to Rs. 28.36 Cr. as on March 31, 2024, owing to accretion of profits to reserves and consideration of Rs. 6.00 Cr. of unsecured loans as quasi-equity in FY25 on account of subordination of loan to bank debt. Moreover, while the increase in debt to Rs. 29.19 Cr. in FY25 (Prov.) (including Rs 11 Cr. of unsecured promoter loans and working capital borrowings) as compared to Rs. 7.79 Cr. in FY24 led to increase in gearing from 0.27 times in FY24, however, it still stood comfortable at 0.67 times in FY25 (Prov.) Further, the debt protection metrics also stood comfortable with interest coverage ratio of 3.97 times in FY25 (Prov.) and debt service coverage ratio of 2.77 times in FY25 (Prov.).

Acuité expects the financial risk profile to remain moderate over the medium term driven by increasing cash accruals and no major repayment obligations.

Weaknesses

Working capital intensive operations

The working capital operations of the company remained intensive marked by gross current assets (GCA) of 165 days as on March 31, 2025 (Prov.) (113 days as on March 31, 2024) majorly driven by inventory and debtor days. The inventory days stood increased at 98 days in FY25 (Prov.) as compared to 14 days in FY24, owing to shift from subcontracting to self-execution model. The debtor days also stood higher at 37 days as on March 31, 2025 (Prov.) as against 8 days as on March 31, 2024 pertaining to the higher billing in the last quarter of FY25. Moreover, the company generally receives collections for bills raised within a month from the authorities. Further, the current assets also include retention money towards executed projects held generally for a period of three-five years (~Rs. 10 Cr. in FY25, Rs. 4.88 Cr. in FY24).

Acuité expects the working capital cycle to remain on similar lines on account of the nature of business operations.

Susceptibility to tender-based operations

The revenue and profitability for tendering based operations depends entirely on the ability to win tenders wherein entities face intense competition, thus requiring them to bid aggressively to procure contracts and restrict the operating margin to a moderate level. Also, given the cyclicity inherent in the construction industry, the ability to maintain profitability margin through operating efficiency becomes critical.

Rating Sensitivities

- Continued order book growth and timely execution of the projects supporting improvement in revenue at stable margins
- Significant increase in debt levels affecting the financial risk profile of the company
- Elongation of working capital requirements thereby affecting the liquidity profile

Liquidity Position **Adequate**

The company's liquidity position is adequate marked by sufficient net cash accruals of Rs. 10.04 Cr. in FY25 (Prov.) against maturing repayment obligations of Rs. 0.57 Cr. for the same period. Going forward, the company is

expected to generate sufficient net cash accruals in the range of Rs.13-17 Cr. as against negligible repayment obligations. The average bank limit utilisation stood moderate marked by fund-based limit utilisation of 82.62 percent and non-fund-based limit utilisation of 61.33 percent for the last eleven months ended March' 25, providing additional liquidity cushion. The current ratio also stood moderate at 1.27 times as on March 31, 2025 (Prov.). Further, the company also had unencumbered cash and bank balances of Rs. 0.37 Cr. as on March 31, 2025 (Prov.).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	169.19	134.38
PAT	Rs. Cr.	9.34	7.69
PAT Margin	(%)	5.52	5.72
Total Debt/Tangible Net Worth	Times	0.67	0.27
PBDIT/Interest	Times	3.97	6.07

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. 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
03 Jul 2024	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	22.50	ACUITE A3 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	87.08	ACUITE A3 (Assigned)
	Cash Credit	Long Term	5.50	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.42	ACUITE BBB- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	2.08	ACUITE BBB- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	2.92	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	2.50	ACUITE BBB- Stable (Reaffirmed)
23 May 2024	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	22.50	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	5.50	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.42	ACUITE BBB- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	2.08	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	2.50	ACUITE BBB- Stable (Reaffirmed)
23 Feb 2023	Bank Guarantee (BLR)	Short Term	22.50	ACUITE A3 (Assigned)
	Proposed Letter of Credit	Short Term	1.50	ACUITE A3 (Assigned)
	Proposed Bank Guarantee	Short Term	15.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.26	ACUITE BBB- Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	0.50	ACUITE BBB- Stable (Assigned)
	Proposed Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.24	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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.50	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.22	Simple	ACUITE A3+ Upgraded (from ACUITE A3)
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2025	0.28	Simple	ACUITE BBB Stable Upgraded (from ACUITE BBB-)

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