

Almondz Global Securities Limited

October 03, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has conducted the rating assessment of Almondz Global Securities Limited (AGSL) based on the consolidated approach of AGSL and its subsidiaries; hereinafter referred to as 'Group'.

The reaffirmation in the rating assigned of the bank facilities of AGSL continue to derive strength from group's established presence in capital market related business and increasing presence in infrastructure related and other business segments. The rating also continues to derive comfort from the moderate financial risk profile of the group characterized by growth in revenue with marginal moderation in profitability margins reported during FY24 (refers to period April 01 to March 31), comfortable overall gearing with improved albeit moderate debt coverage indicators. The rating, however, continue to remain constrained by the group's dependence on infrastructure consultancy and green fuel business with majority of revenue coming from infrastructure advisory through Almondz Global Infra Consultant Limited (AGICL) while profitability and cash generation is derived from green fuel business through Premier Green Innovations Private Limited (PGIPL). The rating also continues to remain constrained on account of working capital-intensive nature of operations indicated by elongated collection period and dependence upon timely execution of projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in overall scale of operations above 20% from existing level with sustenance in operating margin above 15%.
- Improvement in average collection period to less than 90 days on a sustained basis.

Negative factors

- Decline in scale of operations from existing level and moderation in operating margins below 8%.
- Elongation in average collection period to beyond 200 days leading to deterioration in liquidity position of the company.
- Deterioration in the capital structure with overall gearing ratio beyond 0.60x on a sustained basis
- Any delays in project execution impacting the financial performance and liquidity position of the company.

Analytical approach: Consolidated, on account of strong financial and management linkages with its subsidiaries, collectively represented as 'Almondz Group'. The list of subsidiaries considered for consolidation is given in Annexure-6.

Outlook: Stable

Stable outlook reflects CARE's opinion of expected improvement in turnover and profitability of the group in near to medium term led by ramp up of operations in subsidiary companies, sustained healthy margins and low external debt in the group.

Detailed description of key rating drivers:

Key strengths

Established presence in capital market and infrastructure related business segment

Incorporated in 1994, AGSL has more than two decades of track record of operations in the financial & capital market related business such as advisory and consulting in the area of debt & equity capital market, broking in equity, commodity and debt market, distribution of financial products and trading and investment in debt market. The group has also increased its presence in infrastructure advisory through AGICL. Around 80% of the business for AGICL is generated through government contracts, which are executed by AGICL either solely, through JVs or through associate companies. Majority of the revenue of the group emanates from advisory/consultancy and broking business with 81% of revenue in FY24 as against 79% revenue in FY23.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Growing scale of operations with moderate profitability margins

During FY24, the company on a consolidated basis reported a growth of ~49% in total operating income to Rs. 114.10 crore over Rs. 76.51 in FY23, the growth is largely contributed by AGICL, owing to better order execution during the year. AGSL (on consolidated basis) reported PBILDT margin of 11.91% in FY24 as against margin of 12.88% in FY23. The PBILDT margin slightly moderated in FY24 on account of increase in the professional fees paid to consultants. The PAT margins improved from 20.62% in FY23 to 29.86% in FY24, largely on account of exceptional income of Rs. 15.75 crores booked by the company on sale of subsidiary (Almondz Finanz Limited) to Avonmore on December 31, 2023. The company reported TOI of Rs. 29.65 crores with PBILDT of Rs. 8.43 crores in Q1FY25 (refers to period April 01 to June 30).

Comfortable capital structure

The capital structure of the company remains comfortable with overall gearing of 0.11x as on March 31, 2024 (PY: 0.10x) as AGSL largely remains equity funded and there is no plan to raise additional borrowings. The debt coverage indicators stood satisfactory with interest coverage and total debt/GCA ratio of 3.51x and 0.62x in FY24 stands improved from 2.04x and 1.13x respectively during FY23. The financial risk profile of the group is expected to remain comfortable in the near to medium term as there is no major capex or term debt planned in near future.

Key weaknesses

Dependence on infrastructure consultancy and green fuel business

AGSL, on consolidated level, the AGSL generates maximum revenue from infrastructure segment contributing around 60-62% of revenue which largely comes from AGICL. It is followed by debt & equity market operations and wealth broking activities which contribute ~20% to the overall revenue of the group. Net profitability of the company is supported by profit share (~22% on consolidated level) from green fuel business through joint venture entity Premier Green Innovations Private Limited in which AGSL holds 46.34% equity shares.

Elongated working capital cycle in infrastructure advisory business

The company on consolidated level generates majority of revenue from infrastructure consultancy segment through AGICL, which involves larger collection period as majority of business is coming from government counterparties (~around 80%) leading to relatively longer time in ultimate recovery of infrastructure advisory fees in the government sector projects. However, to mitigate the same, the company has been focusing on increasing the proportion of private sector projects which involves shorter collection period. Average collection period reported at 146 days as on March 31, 2024 (PY: 161 days) and operating cycle stood elongated at 66 days as on March 31, 2024, though improved from 100 days as on March 31, 2023, owing to improved collection period from 161 days as on March 31, 2023, to 146 days as on March 31, 2024 & improved average inventory period of 59 days (PY: 78 days). The company manages its working capital requirements through internal accruals and sanctioned fund- based limit (FDOD) of Rs.2.85 crores having an average utilization of ~65% for the trailing twelve months ending with June 30, 2024.

Dependence upon timely execution of projects

The revenue profile of the group being largely derived from AGICL is dependent upon smooth and timely execution of infrastructure projects like roads, bridges, tunnels etc. has inherent risk of delay in execution due to site hand over, weather conditions and issues related to availability of labour etc. which may result in time and cost overrun in the projects. However, the long industry experience of promoters in infra consultancy business mitigates these risks to some extent.

Liquidity: Adequate

The liquidity position of the group is adequate marked by expected GCA of ~Rs.28-30 crore as against the nominal repayment obligation of Rs.1-2 crore. Liquidity position is also supported by a favourable capital structure for the group (Gearing of 0.11x as on March 31, 2024). AGSL (on a consolidated level) has liquidity (cash and bank balance) of ~Rs.25.28 crore as on March 31, 2024. The overall utilisation of working capital limits also remains comfortable. Given, comfortable gearing levels and comfortable working capital utilisation, the liquidity position of the company is expected to be adequate.

Applicable criteria

[Definition of Default](#)
[Consolidation](#)
[Financial Ratios – Non-financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Capital Markets	Stockbroking & Allied

AGSL is incorporated in 1994 and is the flagship company of Almondz Group. Avonmore is the holding company of AGSL. Avonmore is held by Innovative Money Matters Private Limited (39.34% stake in Avonmore), Rakam Infrastructures Private Limited (19.58% stake in Avonmore), Navjeet Singh Sobti (9.53% stake in Avonmore) and others in promoter group held 0.72% as on June 30, 2024. AGSL is engaged in corporate finance advisory, investment banking, trading / investments in debt & equity securities, equity, commodity and fixed income broking, distribution of financial products and wealth management and NBFC business. AGSL is also involved in non-financial sector businesses, such as infrastructure advisory (through 100% subsidiary) and green fuel business (through JV).

Standalone-Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	26.76	32.61	10.57
PBILDT	4.73	3.58	3.08
PAT	3.22	21.12	0.53
Overall gearing (times)	0.03	0.03	Not Available
Interest coverage (times)	2.01	3.32	Not Available

A: Audited; UA: Unaudited; Note: these are latest available financial results

Consolidated-Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	76.51	114.10	31.57
PBILDT	9.86	13.59	10.35
PAT	15.78	34.07	6.09
Overall gearing (times)	0.10	0.11	Not Available
Interest coverage (times)	2.04	3.51	Not Available

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Guarantee		-	-	-	5.00	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (06-Oct-22)	1)CARE BBB-; Stable (06-Oct-21)
2	Fund-based - LT-Bank Guarantee	LT	5.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Oct-23)	1)CARE BBB-; Stable (06-Oct-22)	1)CARE BBB-; Stable (06-Oct-21)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)**Annexure-6: List of entities consolidated**

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Almondz Global Infra Consultant Limited	Full	Subsidiary
2.	Almondz Commodities Private Limited	Full	Subsidiary
3.	Almondz Financial Services Limited	Full	Subsidiary
4.	Skiffle Healthcare Services Limited	Full	Subsidiary
5.	North Square Projects Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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