AGI Infra Limited

March 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	40.00	CARE BBB+; Stable	Reaffirmed
Fixed Deposit	78.00 (Enhanced from 60.00)	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of AGI Infra Limited (AGI) derives strength from experienced promoters with long track record of operations in the real estate sector, regulatory approvals in place, low reliance on debt for with financial closure already been achieved for the ongoing projects, satisfactory sales velocity resulting in moderate inventory hangover period and comfortable capital structure with satisfactory cash coverage ratio.
The rating, is however; constrained by moderate saleability risk with high reliance on customer advances, risk of geographical concentration and susceptibility of the real estate market to economic cycles.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely and successful completion of the on-going projects and achievement of collection above Rs.350 crore in the next 12 months.
- Inventory hangover (no of months required to sell unsold inventory given trailing 12 months average sales trend) to remain at or below 18 months on continued basis

Negative factors

- Substantial delay in collection of committed receivables leading to further availment of debt.
- Significant time and cost overrun leading to reduction in profitability of the project.

Analytical approach:

Standalone

Outlook: Stable

The 'Stable' outlook indicates that the company is expected to remain stable given satisfactory sales velocity and collection levels coupled with low reliance on debt

Detailed description of the key rating drivers:

Key strengths

Experienced promoters with long track record of operations in the real estate sector

The promoters of the company have been engaged in developing residential and commercial projects for around two decades and have developed around 87.34 lsf of real estate space over the years. The company has a strong developmental track record and brand recognition in the Jalandhar real estate market since 2005. The developer has undertaken projects mainly in the residential segment and only a few projects in the commercial segments.

Regulatory approvals in place for the on-going projects

All necessary regulatory approvals for the ongoing projects are in place. Land has already been acquired and building permit has been obtained for all the on-going projects. The company has received all the approvals from the appropriate authority(s) which includes height clearance, water, electricity, fire & emergency, environmental clearance, etc. All projects have been registered under Punjab Real Estate Regulation Act.

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

Low reliance on debt for the ongoing projects with financial closure already been achieved
The company is currently developing five residential projects with a total cost of Rs 1182 crore. The funding is structured with Rs 85 crore in debt (7% of the project cost), Rs 141 crore from promoter contributions (12% of the project cost), and Rs 957 crore from customer advances (81% of the project cost). As of December 31, 2024, three projects (Jalandhar Heights-3, Smart Homes-II, and Sky Villas) have been financed with Rs 85 crore in bank funding. The company has secured financial closure for the entire debt portion and has disbursed Rs 58 crore for these three projects by December 2024.

Moderate collection momentum of its completed projects
The company has been able to complete 3 projects in the past 12 months namely "JH-2 Phase-3 " , "Urbana" and "Maxima-2(M2)". On a consolidated basis, the company has sold inventory worth approximately Rs 415 crore and collected around Rs 393 crore, representing about 95% of the total from its completed projects as of December 31, 2024. Nearly all the inventory has been sold, with only 10% of the unsold inventory remaining from the completed projects.

Comfortable capital structure with satisfactory cash coverage ratio
The overall gearing stood comfortable at 0.61x as on March 31, 2024 (0.28x as on March 31, 2023) on the back of limited reliance on term debt for funding the projects. Out of the five ongoing projects, the company has availed debt for only three: AGI Smart Homes II (Rs 25 crore), AGI Sky Villa (Rs 40 crore), and Jalandhar Heights-3 (Rs 20 crore).
The average cash coverage ratio for the entire tenure of debt repayment for ongoing and upcoming projects, where a Fixed Deposit of Rs 78 crore is proposed, remains satisfactory at above 4x. The company plans to raise unsecured fixed deposits of Rs 78 crore by September 2025, with tenures ranging from one to three years, to fund upcoming projects. As articulated by the management, these fixed deposits will be subscribed by individual investors, with 20% of the amount kept as a bank deposit equivalent to the amount likely to mature within the next 12 months.

Key weaknesses

Moderate saleability risk with high reliance on customer advance albeit satisfactory sales velocity resulting in moderate inventory hangover period
Out of a total saleable area of 66.79 lakh square feet, the company has sold approximately 41.37 lakh square feet (62% of the total saleable area) by December 31, 2024, for a sale consideration of Rs 1137 crore. Of this amount, Rs 450 crore has been received by December 2024. The committed customer receivables of Rs 687 crore cover around 85% of the outstanding debt of Rs 85 crore and the pending cost of Rs 721 crore as of December 2024. Also out of total units of 3289, the company has been able to sell 2355 units till Dec 31, 2024.

In the last nine months ending December 2024, the company collected Rs 182 crore (compared to Rs 130 crore in the previous year), reflecting average monthly collections of Rs 20 crore. With 81% of the project cost being financed through customer advances, the project is exposed to risks such as liquidity issues, project delays, and cost overruns. However, the company's sales velocity remains satisfactory, with 36.17 lakh square feet sold from ongoing projects (16.59 lakh square feet sold as of September 30, 2023) and an additional 5.2 lakh square feet sold from the newly launched project "JH-3 Ext." This helps mitigate some of the concerns mentioned above. Consequently, the months to sell the remaining inventory stand at a moderate 24 months, compared to the balance construction period ranging from 12 to 48 months.

Project execution risk for ongoing projects
As of December 31, 2024, the company is executing five residential projects. At an aggregate level, approximately 60% of the total cost, or Rs 721 crore, is yet to be incurred. Currently, "Sky Villas" is the major ongoing project, with around 30% of the construction work completed. Given the moderate stage of project construction, there is an impending construction risk, along with the regular funding required for the construction. The project is expected to be completed by December 2027.
Although the debt required to finance the project has been secured, the company will significantly rely on customer advances and healthy front-loaded collections to execute the ongoing project. In the past 15 months ended Dec 2024, the company has received collections of Rs. 126 crore reflecting satisfactory collection momentum from this project.
With a significant portion of the project cost yet to be incurred, the projects remain exposed to execution and off-take risks. However, the execution risk can be mitigated to some extent, with around 66% coverage of the committed receivables available to cover the balance project cost and outstanding debt as of December 2024.

Risk associated with real estate industry being subject to regulations and competition from other players
Real estate sector demand is linked to the overall economic prospect of the country. Change in the economic outlook affects the expected cash inflows to a household, thereby also influencing their buying decision. Besides, as leverage forms an important part of funding for the buyer, availability of loan and interest rates also affects the demand of real estate properties. On the other hand, land, labour, cement and metal prices being some of major cost centres for the sector, availability of these factors plays important role in pricing and supply of new units. Hence, cyclicality associated with economic outlook, interest rates, metal prices, etc., also renders the real estate sector towards cyclicality. Moreover, the companies in the sector are also exposed to regulatory changes, especially in the countries such as India with evolving regulations. Also, there exists competition from up-coming and completed projects of other well-known developers in the region.

Risk of geographical concentration
Out of the total area being constructed, the majority of area is being constructed in Jalandhar, which exposes the group to risk of geographical concentration. However, the company has established its presence in this region and has experienced significant growth in recent years, thereby mitigating this risk to some extent. Further, in the last few years, there has been moderate growth in real estate sector of Punjab with large number of local as well as national level real estate players entering with various projects in the city.

Liquidity: Adequate
The company's liquidity position is adequate as reflected by consistent customer collection, sales momentum along with cash balance and liquid investments of Rs. 89.30 cr as on March 31, 2024.
The company has sufficient cushion available for meeting its low debt obligations as the debt repayments in FY26 for the company amounted to ~Rs.27.03 crore (Interest and Principal). Further, the confirmed receivables of Rs 687 crore cover around 85% of the total project cost and outstanding debt as of December 2024, likely supporting the company in meeting the remaining project expenses.
As of December 31, 2024, the company has an unencumbered cash balance and liquid investments of Rs 43 crore. In the last 9 months ended Dec 2024, the company has been able to garner collections of Rs.182 crore (PY: Rs. 130 crore) reflecting average monthly collections of Rs. 20 crore.

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Real estate sector

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

AGI Infra Limited (AGI) was incorporated in May 2005 as G.I. Builders Private Limited jointly promoted by Mr Sukhdev Singh Khinda and Mrs Salwinderjit Kaur. The name of the company was changed to its present one in 2011. AGI is engaged in the construction of residential and commercial real estate projects in the state of Punjab. The company has been listed on Bombay Stock Exchange since 2015 and has delivered around 87.34 lakh square feet (lsf) of residential and commercial real estate space over the last two decades. The company is currently developing 5 residential projects in the city of Jalandhar, Ludhiana and Kapurthala namely 'Sky Graden Maxima-II', 'Jalandhar Heights- 3' , Smart Homes- II and Sky Villa with a total saleable area of 66.79 lsf at a total project cost of Rs 1182 crore and overall revenue potential of Rs. 1807 crore.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	245.67	294.42	241.60
PBILDT	63.12	78.04	83.79
PAT	47.80	53.45	50.93
Overall gearing (times)	0.28	0.61	NA
Interest coverage (times)	12.27	10.14	9.98

A: Audited; UA: Un-Audited; NA: Not Available; 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
Fixed Deposit		-	-	-*	78.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	31-03-2028	40.00	CARE BBB+; Stable

*Proposed

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	Fixed Deposit	LT	78.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (05-Jan-24)	-	-
2	Fund-based - LT-Term Loan	LT	40.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (05-Jan-24)	-	-

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	Fixed Deposit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

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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About us:
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