MACCAFERRI INFRASTRUCTURE PRIVATE LIMITED

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term/Short-term bank facilities	30.00	CARE BBB / CARE A3 (RWD)	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers:

Ratings assigned to bank facilities of Maccaferri Infrastructure Private Limited (MIPL) factors in the company's growing scale of operations and improving profitability margins and comfortable financial risk profile marked by nil debt obligations. Ratings are further strengthened by MIPL's strategic association with the Maccaferri Group and SRM Contractors Limited (SRM, rated CARE A-; Stable/ CARE A2), both of which are having good reputation and established market positions in the execution of engineering, procurement, and construction (EPC) contracts. Ratings also take comfort from the company's diversified order book with established client base, though the order book size remains at relatively modest level. However, these rating strengths are constrained by working capital intensive operations, presence in highly competitive and fragmented construction sector, volatile input prices and inherent execution risks related to projects.

Ratings of MIPL have been placed on rating watch with developing implications considering the pending acquisition of the company's 51% shareholding by SRM. CARE Ratings Limited (CareEdge Ratings) shall review ratings, once necessary approvals are in place and this acquisition is completed.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in order book position above ₹600 crore with sustained growth in total operating income (TOI) above ₹450 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 12%.
- Efficient working capital management resulting in gross current assets days below 150 days on a sustained basis.

Negative factors

- Decline in scale of operations below ₹150 crore with moderation in operating margins below existing levels.
- Elongation in gross current assets days above 250 days on a sustained basis adversely impacting the company's liquidity position.

Analytical approach: Standalone, after factoring in managerial linkages with SRM Contractors Limited.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile

MIPL's capital structure remains comfortable with nil debt as on March 31, 2025. Currently, the company has no debt obligation and entire fund based working capital needs are managed through creditors and own funds only.

With moderate amount of debt funded capital expenditure (capex) proposed for procurement of equipment and machinery and limited reliance on external borrowings to manage working capital requirements and sustained accretion of profits to net worth; CareEdge Ratings expects MIPL to maintain its comfortable financial risk profile over the medium term.

Diversified order book with reputed client base despite modest

The order book is diversified across 13 states, with no single order contributing over 25% total outstanding unexecuted order book. The company primarily operates in hilly regions of India, with significant contributions from Nagaland (27%), Arunachal Pradesh (20%), Jammu & Kashmir (16%), Assam (15%), and Uttarakhand (6%), due to its expertise in slope stabilisation, rockfall protection, tunnel projects and other related activities. MIPL's clients include reputed entities from the private and public sectors, reducing counterparty risk. However, the company has a relatively modest unexecuted order book of ₹232.34 crore as on March 31, 2025, equivalent to 1.28x the turnover of FY25. This poses challenges in revenue visibility due to potential delays in execution caused by site handovers, weather conditions, and labour availability issues.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

While the company's order book is on the modest side, addition of new orders and timely execution of existing ones will remain monitorable from credit perspective.

Growing scale of operations and profitability

The company's TOI has shown sustained growth in scale of operations with a compound annual growth rate (CAGR) of ~89% from FY21 to FY25 to ₹181.81 crore in FY25. In FY25, the company's operations gained momentum with effective execution and active bids which is expected to continue in future as well driven by active bid participation with timely and effective execution. Profitability margins improved with PBILDT margin of 10.65% in FY25 compared to operational losses until FY23 and low profitability in FY24. Operational margins are expected to improve in future as well with growth in scale since the company is mainly in slope and tunnel projects which generally offers higher profit margins compared to conventional road and structural EPC contracts.

The scale of operations is expected to improve gradually over the medium-term, with anticipated growth in order flow.

Association with Maccaferri group and SRM Contractors Limited having reputation and established market position in execution of EPC contracts

MIPL was established in 2017 and is the Indian subsidiary of the 140-year-old Italian Maccaferri group, known for providing advanced solutions in civil, geotechnical, and environmental construction markets. Recently, SRM an Indian listed company, entered an arrangement to acquire 51% shareholding in MIPL from Officine Maccaferri S.P.A. in four equal tranches in FY26 and FY27 for ₹76 crore (₹19 crore per tranche). SRM is engaged in execution of infrastructure projects such as roads, bridges, canals, slope stabilisation, tunnels, and small hydro projects and has ~2 decades' industry experience and has successfully executed over 50 projects across India, primarily in the northern region.

Per agreement entered between SRM and MIPL, SRM already has managerial control in the form of 51% voting rights which offers managerial synergies to MIPL.

Key weaknesses

Working capital intensive operations

MIPL has working capital intensive operations, primarily due to an extended collection cycle owing to retention money clauses embedded in its contracts. In FY25, the company's gross current asset days stood high at 240 days largely driven by elongated receivable days which stood at 152 days in FY25. To manage its working capital needs, MIPL relies largely on internal accruals and extended payment cycles by creditors, with minimal dependence on sanctioned working capital limits and mobilisation advances—effectively reducing financing costs.

However, with expected operational synergies post completion of acquisition by SRM, working capital management efficiency is expected to improve over the medium term.

Presence in a highly fragmented and competitive construction industry

MIPL operates in the highly competitive construction industry, where contracts are typically awarded based on a combination of the bidder's technical expertise, financial strength and competitive pricing. The intense competition stems from the presence of numerous contractors, leading to aggressive bidding practices that exert pressure on profit margins. In addition to pricing pressures, industry players face external challenges such as interest rate fluctuations, project delays due to environmental clearances and other regulatory hurdles. These factors may adversely impact the credit profile and financial stability of companies operating in the sector.

Volatile input prices

The basic input materials for execution of construction projects and works contracts are steel, stone chips, bitumen and cement among others, prices of which are volatile. The company's operating margin is exposed to sudden spurt in the input material prices and an increase in labour prices being in labour intensive industries. However, railway work contracts have price escalation clauses which mitigates price volatility risk to some extent. However, MIPL has a price escalation clause in majority projects except contracts with shorter duration of up to 15-18 months, where the price increase burden is marked up in the billing to the Contractee. Raw material procurement from the group entity Maccaferri Environmental Solutions Private Limited at competitive pricing and superior quality significantly mitigates procurement-related risks.

Inherent execution risks related to projects

Construction projects inherently carry risks of execution delays due to factors such as site handover issues, adverse weather conditions, and labour availability challenges. These delays can lead to time and cost overruns, impacting project timelines and profitability. However, MIPL benefits from the extensive industry experience of its promoters—spanning nearly two decades—and a healthy track record of successful project execution, which helps mitigate these risks to some extent.

Liquidity: Adequate

Adequate liquidity is marked by expected accruals of ~₹25 crore in FY26 against nil debt repayment obligation. The liquidity is further aided by free cash, bank and FDR balances of ~₹10 crore as on March 31, 2025. Recent sanction of ₹1 crore fund based working capital limits and ₹30 crore bank guarantee limits will add further cushion to the liquidity.

The company will be incurring a capex of ~₹15 crore in FY26 mainly for equipment and machinery requirement for efficient execution of orders in hand that would be funded out of internal accruals and additional term loan per requirements.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

MIPL was incorporated in 2017 as an Indian arm of 140-year-old Italian Maccaferri group, provider of advanced solutions to the civil, geotechnical and environmental construction markets. The company is engaged in construction services in the specialised field of environmental solutions primarily focusing on slope stabilisation, rockfall protection, tunnel projects and other related activities.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	103.24	181.81
PBILDT	5.84	19.37
PAT	8.92	19.54
Overall gearing (times)	0.00	0.00
Interest coverage (times)	38.87	0.00

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	30.00	CARE BBB / CARE A3 (RWD)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		TYPE	Amount Out-standing (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	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
1	Fund-based/ Non-fund-based-LT/ST	LT/ST	30.00	CARE BBB / CARE A3 (RWD)	-	-	-	-

LT/ST: Long term/Short 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/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: +91-120-4452000 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Rajan Sukhija Associate Director **CARE Ratings Limited** Phone: +91-120-4452000 E-mail: Rajan.Sukhija@careedge.in Neeraj Goyal Assistant Director **CARE Ratings Limited** E-mail: Neeraj.Goyal@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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