

October 07, 2026

Amara Raja Infra Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long-term – Fund-based – Working capital facilities	431.00	781.00	[ICRA]A(Stable); reaffirmed/assigned for enhanced amount	RBI
Long-term/Short-term – Non-fund based facilities – Others	4,069.00	3,968.00	[ICRA]A(Stable)/[ICRA] A2+; reaffirmed	RBI
Long-term – Fund-based – Term Loan	-	50.00	[ICRA]A(Stable); assigned	RBI
Long-term/Short-term – Fund-based/Non-fund based facilities – Proposed limits	-	701.00	[ICRA]A(Stable)/[ICRA] A2+; assigned	RBI
TOTAL	4,500.00	5,500.00		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings reaffirmation for Amara Raja Infra Limited (ARIL, formerly Amara Raja Infra Private Limited) factors in the established track record of operations, strong growth in scale of operations as reflected in 25.6% growth in FY2026 and healthy order book position. ICRA expects the revenue growth momentum to remain healthy in the medium term, supported by order book position of around Rs. 7,900 crore as on June 30, 2026, translating into an order book to FY2026 operating income (OB/OI) ratio of 2.6 times. The ratings consider the company's established track record of around 15 years in executing power engineering, procurement and construction (EPC) and civil works for reputed clients including Central Government departments and private sector clients and their share remains healthy at around 47% of the order book as on June 30, 2026, which is expected to support a relatively comfortable cash conversion cycle. The ratings note the company's diversified order book with presence across solar, transmission and buildings and factories segments, along with geographical diversification across multiple states and one project currently being undertaken in Bangladesh.

The ratings favourably factor in the exceptional financial flexibility enjoyed by ARIL by virtue of being part of the Amara Raja Group. The Group's flagship listed entity, Amara Raja Energy & Mobility Limited (AREML), is one of the leading manufacturers of automotive and industrial batteries in India. Further, the promoter entity, Amara Raja Enterprises Private Limited (AREPL, formerly RNgalla Family Private Limited), has healthy liquidity levels and holds a 32.86% stake in AREML. AREPL has extended loans and advances in the past to support the funding requirements of ARIL. Further, being part of the Amara Raja Group, ARIL has demonstrated its ability to secure working capital facilities at competitive rates, along with the ability to raise funds at short notice.

The ratings are, however, constrained by the moderate leverage and coverage indicators. The interest coverage moderated to 2.6 times in FY2026 from 3.4 times in FY2025, primarily due to moderate operating profitability and elevated interest costs due to increase in working capital requirements. The operating margin remained moderate at 5.8% in FY2026 compared to 7.0% in FY2025, impacted by the execution challenges for the relatively higher-margin Bangladesh project and delays in achieving commercial closure of few completed projects. Further, the leverage profile moderated, with TOL/TNW increasing

to 4.8 times as on March 31, 2026, from 3.9 times as on March 31, 2025, driven by higher debt levels and increased working capital borrowings necessitated by delays in receivable realisations, particularly from the Bangladesh project and certain state transmission projects. Nevertheless, the working capital requirements are partially met by sizeable customer advances of Rs. 563 crore as on March 31, 2026, comprising primarily interest-free mobilisation advances received from clients. Further, it receives around 90 days of credit period from its suppliers and procures key raw materials against LC. The working capital intensity increased to around 15% as on March 31, 2026, from around 7% as on March 31, 2025, driven by high receivable days of 258 days. The company is expecting recovery of pending receivables in H2 FY2027, which is likely to result in an improvement in the working capital intensity. ARIL is focusing on improving execution across higher-margin projects, timely commercial closure of certain completed projects and recovery of pending receivables, while maintaining a calibrated bidding strategy. Accordingly, the operating profitability is expected to improve in FY2027 and FY2028, which is likely to improve the interest coverage above 3.5 times in FY2028. Going forward, timely recovery of receivables, moderation in working capital debt and improvement in operating profits will remain the key monitorable.

The ratings factor in the company's exposure to the inherent cyclicity of the construction industry and intense competition in the tender-based contract award system, which may lead to volatility in order inflows, revenues and profitability. Nevertheless, comfort is derived from its established track record, longstanding client relationships and healthy execution capabilities. Further, the company exposed to sizeable non-fund-based commitments through bank guarantees (BGs) and letter of credit (LCs) aggregating to Rs. 2,319 crore as on March 31, 2026, primarily towards performance guarantees, mobilisation advances, retention monies and material procurement. However, ICRA draws comfort from ARIL's healthy execution track record and no invocation of guarantees in the past.

The Stable outlook reflects ICRA's opinion that the company would benefit from its healthy order book position, adequate execution capabilities along with steady working capital cycle.

Key rating drivers and their description

Credit strengths

Established track record in executing power EPC and civil works with reputed client profile – The company has an established track record of around 15 years in executing power EPC and civil works. At present, it is executing projects for reputed clients including Indian Oil NTPC Green Energy Private Limited (INGEL), Indian Railways, Power Grid Corporation of India Limited (PGCIL), Solar Energy Corporation of India Limited (SECI), National Thermal Power Corporation Limited (NTPC), Adani Group entities, Princeton Digital Group (PDG), Sattva Group, Greenko Group, Larsen & Toubro Limited (L&T), ITC Limited, Vedanta Limited, JSW Group entities and ArcelorMittal Nippon Steel India Limited (AMNS India), among others, across the power EPC and civil segments. Further, the share of Central Government and reputed private sector clients remains healthy at around 47% of the order book as on June 30, 2026, which is expected to support a relatively comfortable cash conversion cycle.

Healthy order book position to provide medium-term revenue visibility – ARIL's revenues witnessed a CAGR of around 71% during the past four years reaching Rs. 3,062 crore in FY2026 from Rs. 359 crore in FY2022, driven by healthy order inflows, steady execution across solar, transmission and civil infrastructure projects and the merger of the power EPC division of Amara Raja Power Systems Limited (ARPSL) with ARIL. The company secured fresh orders of nearly Rs. 4,600 crore in FY2026 and around Rs. 750 crore in Q1 FY2027, resulting in a strong order book of around Rs. 7,900 crore as of June 30, 2026, translating into an order book to FY2026 operating income (OB/OI) ratio of 2.6 times, providing healthy medium-term revenue visibility. The revenue growth is expected to remain healthy in the medium term on the back of a comfortable order book position and adequate execution capabilities of the company.

Diversified order book position – The company's order book remains well diversified across solar, transmission and buildings and factories segments, accounting for around 38%, 21% and 31% of the outstanding order book, respectively, as on June 30, 2026. Further, the order book is geographically diversified across Rajasthan, Tamil Nadu, Maharashtra, Andhra Pradesh, Karnataka, Odisha, Bihar and other states, along with one international project in Bangladesh. The order book is moderately diversified across projects and clients, with top five projects accounting for around 38% and the top three clients constituting

29% of the outstanding order book as on June 30, 2026. Additionally, the share of Group orders has moderated to around 8% of the order book, reflecting reduced dependence on Group entities and a growing presence among government departments and reputed private sector clients.

Exceptional financial flexibility being part of the Amara Raja Group – ARIL is a part of the Amara Raja Group, an established diversified business conglomerate with interests across automotive and industrial battery manufacturing, power EPC, civil construction, fruit processing, metal fabrication, auto components, engineering and automation, EMS and cable harness. The Group's flagship listed entity, AREML, is one of the leading manufacturers of automotive and industrial batteries in India. The promoter entity, AREPL, which has healthy liquidity levels, holds a 32.86% stake in AREML. By being a part of the Amara Raja Group, ARIL enjoys exceptional financial flexibility, as demonstrated by its ability to secure working capital facilities at competitive rates, along with the ability to raise funds at a short notice.

Credit challenges

Moderate leverage and coverage indicators – The company's coverage metrics remained moderate, with interest coverage declining to 2.6 times in FY2026 from 3.4 times in FY2025, primarily due to moderate operating profitability and elevated interest costs. The leverage profile also moderated, with TOL/TNW increasing to 4.8 times as on March 31, 2026, from 3.9 times as on March 31, 2025, driven by higher debt levels and increased working capital borrowings necessitated by delays in receivable realisations, particularly from the Bangladesh project and certain state transmission projects. Nevertheless, the working capital requirements were partially met by sizeable customer advances of Rs. 563 crore as on March 31, 2026, comprising primarily interest-free mobilisation advances received from clients. Further, it receives around 90 days of credit period from its suppliers and procures key raw materials against LC. Going forward, timely recovery of receivables, moderation in working capital debt and improvement in operating earnings will remain the key monitorable from the credit perspective.

Moderate operating margins; increased in working capital intensity amid pending receivables – The company's operating margins remained moderate at 5.8% in FY2026, impacted by lower-than-expected execution of the relatively higher-margin Bangladesh project amid disruptions arising from the change in Government and geopolitical developments in Bangladesh, as well as delays in achieving commercial closure of few completed projects, resulting in higher overhead expenses being incurred without corresponding revenue recognition. Further, the working capital intensity (NWC/OI) increased to 15% as on March 31, 2026, from 7% as on March 31, 2025, with gross receivables of Rs. 2,018 crore and debtor days at 258 days as on March 31, 2026. The elevated receivables were mainly driven by sizeable retention receivables of around Rs. 750 crore, elevated billing in Q4 FY2026 (Rs. 1,246.5 crore; around 41% of FY2026 revenues) and delays in collections from certain projects, including the Bangladesh solar project and select state transmission projects. While the company realised a sizeable portion of its receivables in Q1 FY2027, resulting in gross receivables declining to Rs. 1,647.2 crore as on June 30, 2026, the timely realisation of the balance retention monies and pending receivables, and the resultant improvement in the working capital cycle, remain a key rating monitorable.

Risks associated with construction industry, including sizeable non-fund based exposure – ARIL is susceptible to the inherent cyclicity in the construction industry and the intense competition in the tender-based contract award system, resulting in the risk of volatility in order inflows, revenues and pressure on profit margins. However, its long presence and established relationships with clients provide comfort. It is exposed to sizeable contingent liabilities in the form of BGs and LCs (around Rs. 2,319 crore as on March 31, 2026), mainly towards performance guarantees, mobilisation advances, retention monies and material procurement. Nonetheless, ICRA draws comfort from ARIL's healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

ARIL's liquidity position is adequate with unencumbered cash balances of Rs. 47.7 crore and Rs. 113.0 crore of buffer in fund-based working capital facilities as on March 31, 2026. The average utilisation of working capital facilities stands at 69% for fund-based facilities and 67% for non-fund based facilities over the past 17 months ending August 2026. The company has debt obligations of around Rs. 33 crore (including repayment of fresh debt proposed to be availed in FY2027) and capex plans

of around Rs. 200 crore in FY2027, which can be comfortably met through estimated cash flow from operations and external debt.

Rating sensitivities

Positive factors – ICRA could upgrade ARIL’s ratings if there is a material improvement in revenues and earnings resulting in improvement in leverage and coverage indicators, along with liquidity position on a sustained basis. Specific credit metrics that could lead to an upgrade include interest coverage of more than 5 times on a sustained basis.

Negative factors – Pressure on ARIL’s ratings may arise if any material decline in revenue or profitability and/or if the company is unable to demonstrate the envisaged improvement in its working capital cycle, leading to weakening in its liquidity position, leverage and coverage indicators on a sustained basis. Specific credit metrics that could lead to a downgrade include interest coverage declining below 3.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Amara Raja Infra Limited (ARIL, formerly Amara Raja Infra Private Limited) was founded in 2008. It was providing civil, mechanical, and electrical construction services primarily for companies within the Amara Raja Group. However, since 2015, ARIL has expanded its operations to include projects for external clients as well. Within the civil division, the company undertakes the construction of industrial buildings and factories, as well as mechanical, electrical and plumbing (MEP) works. It also handles medium-scale residential construction projects. As a part of a Group-wide restructuring, the power engineering, procurement, and construction (EPC) business previously managed by Amara Raja Power Systems Limited (ARPSL) was transferred to ARIL with effect from April 1, 2022. Under its power EPC division, ARIL is involved in designing and executing power infrastructure projects. These include transmission and distribution systems, solar power plant EPC and operations and maintenance (O&M) services, battery energy storage solutions, power infrastructure development and railway electrification projects.

Key financial indicators (audited)

ARIL (Standalone)	FY2025	FY2026	Q1 FY2027*
Operating income	2437.8	3062.4	1011.4
PAT	73.3	82.1	27.2
OPBDIT/OI	7.0%	5.8%	6.06%
PAT/OI	3.0%	2.7%	2.7%
Total outside liabilities/Tangible net worth (times)	3.8	4.8	4.4
Total debt/OPBDIT (times)	1.3	2.4	2.1
Interest coverage (times)	3.4	2.6	2.4

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Oct 07, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities	Long-term	781.00	[ICRA]A (Stable)	Jul 11, 2025	[ICRA]A (Stable)	-	-	-	-
Non-fund based facilities – Others	Long-term/Short-term	3,968.00	[ICRA]A (Stable)/[ICRA] A2+	Jul 11, 2025	[ICRA]A (Stable)/[ICRA]A2+	-	-	-	-
Fund-based – Term loan	Long-term –	50.00	[ICRA]A (Stable)	-	-	-	-	-	-
Fund-based/Non-fund based facilities – Proposed limits	Long-term/Short-term	701.00	[ICRA]A (Stable)/[ICRA] A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Working capital facilities	Simple
Long-term/Short-term – Non-fund based facilities – Others	Simple
Long-term – Fund-based – Term Loan	Simple
Long-term/Short-term – Fund-based/Non-fund based facilities – Proposed limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator [#]
NA	Fund-based – Working capital facilities	NA	NA	NA	781.00	[ICRA]A (Stable)	RBI
NA	Non-fund based facilities – Others	NA	NA	NA	3,968.00	[ICRA]A (Stable)/ [ICRA] A2+	RBI
NA	Fund-based – Term Loan	NA	NA	April 01, 2030	50.00	[ICRA]A (Stable)	RBI
NA	Fund-based/ Non-fund based facilities – Proposed limits	NA	NA	NA	701.00	[ICRA]A (Stable)/ [ICRA] A2+	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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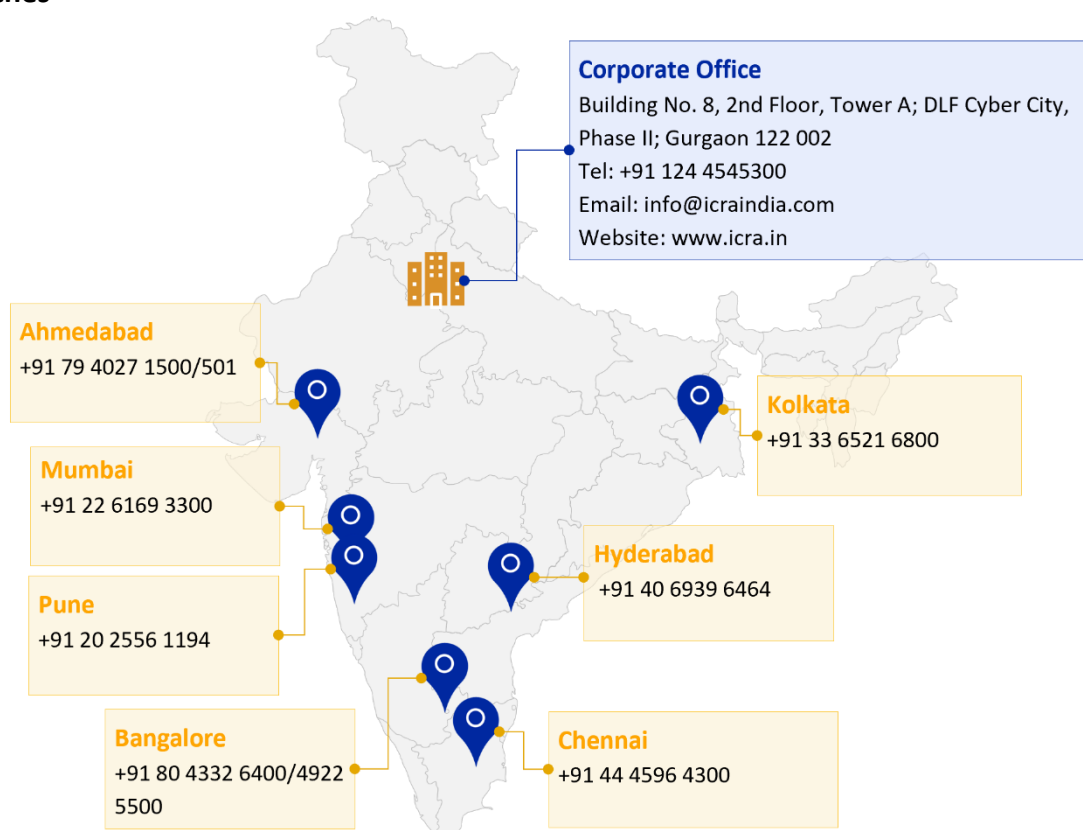
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