

July 11, 2025

Amara Raja Infra Private Limited: [ICRA]A(Stable)/[ICRA]A2+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Working capital facilities	431.00	[ICRA]A(Stable); assigned
Long-term/Short-term – Non-fund based facilities	4,069.00	[ICRA]A(Stable)/[ICRA]A2+; assigned
Total	4,500.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to Amara Raja Infra Private Limited (ARIPL) factors in the healthy growth in scale of operations with revenues increasing to Rs. 2,438 crore in FY2025 from Rs. 359 crore in FY2022, driven by improved order book, healthy execution in solar, transmission and civil projects and merger of power EPC division of Amara Raja Power Systems Limited (ARPSL) with ARIPL. In FY2025, the company received nearly Rs. 4,000 crore of fresh orders. The order addition is expected to remain healthy providing adequate revenue visibility. ICRA expects the revenue growth momentum to remain healthy in the medium term, supported by a strong order book position of ~Rs. 5,800 crore as on March 31, 2025. The ratings consider its established track record of around 15 years in executing power engineering, procurement and construction (EPC) and civil works for reputed clients including National Thermal Power Corporation (NTPC), Solar Energy Corporation of India (SECI), Indian Railways, JSW Renewable Energy, Greenko, Adani Power, Sattva and state transmission companies, among others, in the power EPC and civil segments. Further, the share of Central Government, multi-lateral agencies-funded projects and reputed private clients is healthy at 65% of the order book as on March 31, 2025, which is likely to result in a comfortable cash conversion cycle. The ratings note the company's diversified order book with presence in solar, transmission and buildings divisions, including geographical diversification across more than 10 states and one project currently being undertaken in Bangladesh.

The ratings favourably factor in the strong financial flexibility ARIPL enjoys by virtue of being part of the Amara Raja Group, wherein the flagship entity Amara Raja Energy & Mobility Limited (AREML), is one of the leading manufacturers of automotive and industrial batteries in India. The promoter of ARIPL, RNgalla Family Private Limited, holds 32.86% stake in AREML providing them requisite financial flexibility. The Group has interests majorly in automotive and industrial battery manufacturing, power EPC, civil construction, fruit processing including bottling of beverages, metal fabrication, auto components including fasteners, engineering and automation, electronics manufacturing services (EMS) and cable harness. By being a part of the Amara Raja Group, ARIPL enjoys strong financial flexibility, as demonstrated by its ability to secure working capital facilities at competitive rates, along with ability to raise funds at a short notice.

The ratings are, however, constrained by the moderate leverage and coverage indicators. The interest coverage is moderate at 3.4 times in FY2025, majorly on account of high interest expenses. However, the interest cover is expected to improve to more than 4 times in FY2026, with repayment of term borrowings in FY2025. Further, the leverage as reflected by TOL/TNW is moderate at 3.9 times as on March 31, 2025 owing to high creditors and interest-free mobilisation advances. The receivable days were high at 214 in FY2025 due to sizeable billing in Q4 FY2025 and retention monies, along with receivables of more than 6 months of around Rs. 240 crore, as on March 31, 2025, majorly from state government transmission projects. The company avails 10% of the project cost as interest-free mobilisation advances from the clients resulting in advances from customers of Rs. 395 crore as on March 31, 2025. Further, ARIPL receives around 90 days of credit period from its suppliers and procures key raw materials against the Letter of Credit (LC). Given this, its working capital intensity is moderate, and the

reliance on working capital debt is low, despite high receivable days. Going forward, the company's ability to maintain a prudent working capital cycle and maintain a comfortable liquidity cushion remains crucial from the credit perspective.

The ratings are also constrained by the company's moderate operating margins, which stood at around 7% in FY2025, despite improving from 4.7% in FY2023. The merger of power EPC business with the civil division in April 2022 resulted in synergies, thereby improving the operating margins to around 7% over the past two years. Further, ARIPL is focusing on scaling up business, while bidding competitively and expects the margins to improve in the near term, which remains a key rating monitorable. It is exposed to the inherent cyclical nature 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 also exposed to sizeable contingent liabilities in the form of bank guarantees (BGs) and letter of credit (LCs) (Rs. 1,722 crore as on March 31, 2025), mainly towards performance guarantees, mobilisation advances, retention monies and material procurement. Nonetheless, ICRA draws comfort from ARIPL'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 and timely receipt of payments from its key customers.

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 NTPC, SECI, Indian Railways, JSW Renewable Energy, Greenko, Adani Power, Sattva and state transmission companies, among others, in the power EPC and civil segments. Further, the share of Central Government, multi-lateral agencies-funded projects and reputed private clients is healthy at 65% of the order book as on March 31, 2025, which is expected to result in a comfortable cash conversion cycle.

Healthy order book position to provide medium-term revenue visibility – ARIPL's revenues witnessed a CAGR of 55% during the past four years reaching Rs. 2,438 crore in FY2025 from Rs. 359 crore in FY2022, driven by improved order book, healthy execution in solar, transmission and civil projects and merger of power EPC division of ARPSL with ARIPL. In FY2025, the company received nearly Rs. 4,000 crore of fresh orders, thereby improving the order book position to ~Rs. 5,800 crore as on March 31, 2025, with order book to FY2025 operating income ratio (OB/OI) of 2.4 times, providing 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 is diversified with presence in solar, transmission and buildings divisions and contributing to 45%, 21% and 29% of the order book, respectively, as on March 31, 2025. Moreover, the order book is diversified geographically across Andhra Pradesh, Karnataka, Odisha, Telangana, Chhattisgarh, Tamil Nadu, Rajasthan, Bihar and Uttar Pradesh, with one project currently being undertaken in Bangladesh. It is also moderately diversified in terms of projects and clients, with the top 5 projects accounting for 53% and the top 3 clients constituting 38% of the order book as on March 31, 2025. Further, the share of Group orders has decreased significantly over the years, thereby reducing the dependence on group projects.

Strong financial flexibility being part of the Amara Raja Group – ARIPL is part of the Amara Raja Group, which was established in 1985. The Group's flagship listed company, AREML, is one of the leading manufacturers of automotive and industrial batteries in India. The promoter of ARIPL, RINGalla Family Private Limited, holds 32.86% stake in AREML. The Group has interests majorly in automotive and industrial battery manufacturing, power EPC, civil construction, fruit processing including bottling of beverages, metal fabrication, auto components including fasteners, engineering and automation, electronics manufacturing services (EMS) and cable harness. By being a part of the Amara Raja Group, ARIPL enjoys strong 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 indicators remain moderate with an interest coverage of 3.4 times in FY2025, majorly on account of moderate operating margins and high interest expenses. However, the interest coverage is expected to improve to more than 4 times in FY2026, given that the company has repaid the borrowings (short-term loan and promoter loan) in FY2025. Further, the leverage as reflected by TOL/TNW is moderate at 3.9 times as on March 31, 2025 due to high creditors and interest-free mobilisation advances. The receivable days were high at 214 in FY2025 owing to sizeable billing in Q4 FY2025 and retention monies, along with receivables of more than 6 months of around Rs. 240 crore, as on March 31, 2025, majorly from state government transmission projects. The company avails 10% of the project cost as interest-free mobilisation advances from the clients resulting in advances from customers of Rs. 395 crore as on March 31, 2025. Further, it receives around 90 days of credit period from its suppliers and procures key raw materials against LC. Given this, the company’s working capital intensity is moderate, and the reliance on working capital debt is low, despite high receivable days. Going forward, the ability to maintain a prudent working capital cycle and maintain a comfortable liquidity cushion remains crucial from the credit perspective.

Moderate operating margins – The company’s operating margins remain moderate at around 7%, despite improving from 4.7% in FY2023. The merger of power EPC business with the civil division in April 2022 has resulted in synergies, thereby improving the operating margins to around 7% over the past two years. Further, it is focusing on scaling up business while bidding competitively and expects the margins to improve in the near term, which remains a key rating monitorable.

Risks associated with construction industry, including sizeable non-fund based exposure – ARIPL is exposed 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 (Rs. 1,722 crore as on March 31, 2025), mainly towards performance guarantees, mobilisation advances, retention monies and material procurement. Nonetheless, ICRA draws comfort from ARIPL’s healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

The company’s liquidity position is adequate with unencumbered cash balances of Rs. 135 crore and unutilised bank limits as on March 31, 2025. The average utilisation of working capital facilities stands at 52% for fund-based facilities and 63% for non-fund based facilities over the past 14 months. It has modest debt obligations of Rs. 4.5 crore and capex plans of around Rs. 30 crore in FY2026, which can be comfortably met through the estimated cash flow from operations.

Rating sensitivities

Positive factors – ICRA could upgrade ARIPL’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 ARIPL’s ratings may arise if any material decline in revenue, profitability and/or significant elongation in the working capital cycle adversely impacting the leverage, coverage and liquidity position on a sustained basis. Specific credit metrics that could lead to a downgrade include interest coverage falling 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 Private Limited (ARIPL) was founded in 2008. It was providing civil, mechanical, and electrical construction services primarily for companies within the Amara Raja Group. However, since 2015, ARIPL 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 ARIPL with effect from April 1, 2022. Under its power EPC division, ARIPL 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

ARIPL – Standalone	FY2024	FY2025*
Operating income	1,718.8	2,437.8
PAT	50.8	73.3
OPBDIT/OI	7.3%	7.0%
PAT/OI	3.0%	3.0%
Total outside liabilities/Tangible net worth (times)	3.2	3.9
Total debt/OPBDIT (times)	1.9	1.3
Interest coverage (times)	3.2	3.4

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

Instruments	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Jul 11, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital facilities	Long term	431.00	[ICRA]A (Stable)	-	-	-	-	-	-
Non-fund based facilities	Long term/ Short term	4,069.00	[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	Very 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
NA	Long-term – Fund based – Working capital facilities	NA	NA	NA	431.00	[ICRA]A(Stable)
NA	Long-term/Short-term – Non-fund based facilities	NA	NA	NA	4,069.00	[ICRA]A(Stable)/[ICRA]A2+

Source: Company

[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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