

## Ansh Infratech Private Limited

January 17, 2025

Facilities/Instruments	Amount (₹ crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	17.02 (Reduced from 18.91)	CARE BB+; Stable	Reaffirmed; Outlook revised from Positive
Long Term / Short Term Bank Facilities	53.38 (Enhanced from 51.49)	CARE BB+; Stable / CARE A4+	Reaffirmed; Outlook revised from Positive
Short Term Bank Facilities	4.60	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Ansh Infratech Private Limited (AIPL) continue to be constrained by its moderate and concentrated order book position, moderate working capital cycle and its presence in the highly competitive construction sector.

The ratings, however, continue to derive comfort from experienced promoters, moderate scale of operations and moderate profitability. The ratings further derive strength from improvement in capital structure and debt coverage indicators and adequate liquidity position.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely execution of the current orderbook along with inflow of new orders leading to significant improvement in scale of operations of the firm.
- Improvement in total outside liabilities to tangible networth (TOL/TNW) below 2.50 times.
- Improvement in gross current asset below 180 days on a sustained basis.

#### Negative factors

- Profit before interest, lease rentals, depreciation and tax (PBILDT) margin below 8% on sustained basis.
- TOL/TNW above 3.75x on sustained basis.

**Analytical approach:** Standalone

### Outlook: Stable

The revision in outlook from 'Positive' to 'Stable' reflects slow execution pace for two of AIPL's major projects. This, coupled with lower than anticipated inflow of new orders limits the sustainability of AIPL's growth trajectory over the medium term. However, CARE Ratings Limited (CARE Ratings) expects that the company will continue to benefit from its experienced promoters.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate and concentrated order book position

AIPL's order book primarily comprises of water supply and solid waste management projects. As on September 30, 2024, AIPL had an outstanding orderbook of ₹1322.60 crore translating into an order book to total operating income (TOI) of 1.95x, based on FY24 (refers to April 01 to March 31) TOI.

However, ~55% of the outstanding orders were secured in FY22, with no significant additions to the order book over the past three years. The order book continues to face concentration risk, with top three orders accounting for more than 70% of the order book. A few ongoing projects continue to face delays, but this has not led to any liabilities for AIPL.

The order book is geographically concentrated, with majority of projects awarded by the Government of Maharashtra. This concentration of orders within a single state leaves AIPL vulnerable to potential adverse impacts stemming from political or policy changes that could affect the projects.

Furthermore, AIPL currently operates as a sub-contractor, which limits its operational flexibility and growth potential. Inadequate working capital limits to bid for high-value projects further constrains the company's ability to scale its operations.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Moderate working capital intensity

AIPL's operations remain working capital intensive with funds being blocked in security deposits, inventory and receivables. Gross current assets stood at 168 days during FY24 (PY: 262 days).

Currently, in the absence of adequate sanctioned limits, working capital requirements are largely funded by way of extended period from suppliers. Operating cycle stood at 11 days in FY24 (PY: 7 days), aided by average creditors period of 160 days.

### Presence in an intensely competitive and fragmented construction industry

AIPL is a small sized player operating in an intensely competitive and fragmented construction industry, wherein projects are awarded based on relevant experience of the bidder, financial capability and most attractive bid price. The competitive intensity is on account of the presence of large number of contractors resulting in aggressive bidding which restricts the margins. Moreover, due to low counterparty credit risk and a relatively stable payment track record associated with projects funded by central and state government bodies, these projects are lucrative for all the contractors and hence remain highly competitive.

### Key strengths

#### Experienced promoters

With over a decade of operations in the EPC industry, AIPL has developed long-standing and established relationships with their clients. The promoters, Ajay Dhawangale and his wife, Sonal Dhawangale have an experience of more than 10 years in the EPC business. Their experience and strong understanding of market dynamics has enabled AIPL to maintain healthy relations with customers and suppliers. They are also supported by a qualified team of professionals.

#### Moderate scale of operations and moderate profitability

In FY24, the company's TOI increased by ~35% to ₹678.84 crore (PY: ₹501 crore) backed by steady execution of existing orders. Furthermore, the company booked TOI of ₹204.35 crore in H1FY25 (refers to April 01 to September 30).

PBILDT margin declined to 8.50% in FY24 (PY: 9.05%) owing to volatility in raw material prices. Considering long gestation period of around 12-48 months in orders awarded to AIPL, its profitability remains susceptible to fluctuations in input prices (steel, cement, pipes). However, presence of price escalation clause in most of the orders mitigates this risk to a large extent.

AIPL's ability to add new orders coupled with timely execution while maintaining profitability will be a key rating monitorable.

#### Improvement in capital structure and debt coverage indicators

The capital structure of the company improved marked by overall gearing of 0.66x as on March 31, 2024 (PY: 1.17x) owing to scheduled repayment of term loans and accretion of profit to reserves. TOL/TNW improved but remained high at 3.56x as on March 31, 2024 (PY: 7.36x).

The debt coverage indicators also improved with interest coverage and total debt to gross cash accruals (TD/GCA) of 6.53x and 1.38x respectively in FY24 (PY: 4.15x and 2.27x respectively).

#### Liquidity: Adequate

The company's liquidity position continues to remain adequate as marked by expected annual GCA of ~₹35-40 crore against annual repayment obligations of ~₹11-13 crore over FY25-FY27. The average utilization of fund-based limits and non-fund-based limits stood at around 72% and 64% respectively for the twelve months ended November 30, 2024.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 2008, AIPL is a Nagpur based company engaged in providing civil construction services. It executes various EPC contracts for water supply, solid waste management and optical fibre projects. AIPL is currently managed by Ajay Dhawangale and Sonal Dhawangale, having more than 10 years of experience in the industry. The company is not technically qualified to bid for high value projects on its own and hence currently it is executing contracts on sub-contract basis from other registered contractors.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (Prov.)
Total operating income	501.00	678.84	204.35
PBILDT	45.35	57.73	NA
PAT	19.10	29.32	NA
Overall gearing (times)	1.17	0.66	NA
Interest coverage (times)	4.15	6.53	NA

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Nil

**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-Term Loan		-	-	31-10-2027	8.18	CARE BB+; Stable
Fund-based-Long Term		-	-	-	8.84	CARE BB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	53.38	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	4.60	CARE A4+

**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	8.18	CARE BB+; Stable	1)CARE BB+; Positive (03-Apr-24)	-	-	-
2	Fund-based-Long Term	LT	8.84	CARE BB+; Stable	1)CARE BB+; Positive (03-Apr-24)	-	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	4.60	CARE A4+	1)CARE A4+ (03-Apr-24)	-	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	53.38	CARE BB+; Stable / CARE A4+	1)CARE BB+; Positive / CARE A4+ (03-Apr-24)	-	-	-

LT: Long term; ST: Short term; 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 - LT-Term Loan	Simple
2	Fund-based-Long Term	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - ST-Bank Guarantee	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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### Disclaimer:

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