

Notch India Projects (Revised)

July 21, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	65.58 (Reduced from 76.30)	CARE BBB- (RWD)	Placed on Rating Watch with Developing Implications
Short-term bank facilities	125.00 (Enhanced from 75.00)	CARE A3 (RWD)	Placed on Rating Watch with Developing Implications

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to banking facilities of Notch India Projects have been placed on 'Credit watch with developing implications' due to promoters establishing a new Private Limited company for transitioning the business from a Partnership to the Private Limited company. CARE Ratings Limited (CareEdge Ratings) will continue monitoring developments in this regard and review ratings as greater clarity emerges.

Ratings assigned to bank facilities of Notch India Projects (NIP) continue to derive strength from vast experience of promoters in the construction sector, long track record of operations with reputed customer profile, growth in operating income and improved profit margins. However, ratings are constrained by geographically concentrated order book position, moderate capital structure, capital withdrawal risk associated with partnership firm and presence in highly competitive tender-based industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operations above ₹600 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 15% on a sustained basis.
- Improving capital structure with overall gearing below 1x.

Negative factors

- Decreasing total operating income (TOI) below ₹400 crore.
- Debt funded capex or withdrawal from partners, leading to deteriorating capital structure with overall gearing above 1.5x.
- Significant slowdown in execution of projects or delay in collection of receivables, leading to stretched gross current asset (GCA) days above 150 days on a sustained basis.

Analytical approach:

Standalone

Outlook: Not Applicable

Detailed description of key rating drivers

Key strengths

Extensive experience of promoters in construction sector

NIP was promoted in 1996 by A. D. Meenaachisundram, who has over three decades of experience in the infrastructure industry and has well-established relationships with suppliers, labour contractors and major infrastructure development companies in Tamil Nadu.

At present, M. Vetrivelrajan (B.Tech., (Civil Engg.) M.S. (Construction Management)), A. D. Meenaachisundram and B. Murugeshwari (BBA) are the partners in the firm. Vetrivelrajan is the Managing Partner, who has experience of nearly a decade in the construction sector.

Long track record of operations with well-established facilities

The firm has operating track record of nearly three decades in the civil construction sector with reputed clients such as National Highways Authority of India (NHAI, rated 'CARE AAA; Stable'), and toll special purpose vehicles (SPVs) under IndInfravit Trust, among others. NIP has its own equipment base such as excavators, motor graders, road rollers, and asphalt mixing plants among others and has low reliance on hired equipment.

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

Comfortable order book position with orders from reputed clientele

As on April 30, 2025, the firm has a healthy order book of ₹822.17 crore (including L1 orders of ₹412.03 crore), which forms 1.60x of FY25 turnover against ₹856.70 crore as on March 31, 2024. Duration of orders ranges between 1.5-2 years. NIP had undertaken a subcontract from Salem Ulundurpet Toll Road Private Limited (SUTR), a relatively weaker toll SPV of Reliance Infra, for carrying out major maintenance and other capex works. This order from SUTR, which formed ~19% of pending orders as on March 31, 2024, was successfully executed by the firm in FY25.

Growth in operating income and improved profit margins

The firm's scale of operations had improved with total operating income (TOI) of ₹454.86 crore in FY24 to ₹514.32 crore in FY25, reflecting a year-on-year growth of 13.07%. The PBILDT margin also improved from 11.27% in FY24 to 15.79% in FY25, due to the firm's successful bidding and execution of high-margin projects for reputed clients such as NHAI (CARE AAA; Stable) and Central and State government projects.

Key weaknesses

Geographically concentrated order book

Currently, there is limited diversity regarding contracts and geographical locations, as majority projects undertaken by the firm are in Tamil Nadu. As of April 30, 2025, all ongoing orders (excluding L1) are confined to Tamil Nadu. In June 2025, the firm secured two orders in Andhra Pradesh (which are L1) totalling ₹312.43 crore, representing 38% of the overall order book position (including L1 orders). These orders are still in early stages, with execution yet to commence. The orders are also moderately concentrated with top five orders account for 36% of the total order book position.

Moderate capital structure despite comfortable debt protection metrics

The firm's capital structure moderated with overall gearing of 1.22x as on March 31, 2025 (Prov) against 1.08x as on March 31, 2024, due to higher working capital borrowings. Promoters have infused unsecured loans, which stood at ₹9.00 crore as on March 31, 2025, which has been subordinated to bank borrowings and treated as quasi-equity. It is to be noted that promoters had withdrawn unsecured loans of ₹7.0 crore in FY25. Promoters incorporated Private Limited company for transitioning the firm to a Private Limited entity. Effects of the alteration in capital structure and transfer of assets and liabilities to the newly created entity is a key monitorable. Debt coverage metrics remained comfortable with total debt to gross cash accruals of 2.52x as on March 31, 2025 (PY: 2.38x).

Capital withdrawal risk associated with partnership firm

Partnership nature of NIP's business has an inherent risk of withdrawal of capital by partners due to personal contingencies, resulting in reduced capital base, leading to adverse effect on capital structure. Partners had withdrawn capital of ₹4.16 crore in FY25 for personal contingencies.

Tender-driven business with highly competitive industry

The firm receives work orders majorly from government departments and private toll players. All these are tender-based, and revenues depend on the firm's ability to bid successfully for these tenders. Profitability margins come under pressure because of the industry's competitive nature. However, the promoter's vast experience in a similar industry mitigates this risk to some extent. NIP operates in a highly fragmented and competitive industry having presence of large number of medium sized players.

Liquidity: Adequate

Liquidity is adequate marked by sufficient cushion in accruals against the repayment obligations of ₹10.10 crore in FY26. The working capital cycle moderated from 15 days in FY24 to 23 days in FY25 (Prov) due to increase in work in progress inventory. The collection period stood ~10-15 days in case of state government bills and ~45-60 days for other clients. The firm has cash balance of ₹19.43 crore as on March 31, 2025 (Prov). Average fund-based working capital utilisation stood at 82% and non-fund-based utilisation stood at 51% for 12-months ended May 2025. The current ratio stood at 1.27x as on March 31, 2025 (PY: 1.47x).

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

NIP is a partnership firm promoted by A.D. Meenaachisundram since 1996 in Madurai, Tamil Nadu. The firm is engaged in undertaking highway and bridge works and maintenance works such as overlaying toll roads for state and central government departments and private toll players.

Brief Financials (₹ crore)	31-03-2023 (A)	31-03-2024 (A)	31-03-2025 (P)
Total operating income	261.69	454.86	514.32
PBILDT	26.36	51.25	81.22
PAT	18.15	25.43	39.07
Overall gearing (times)	1.71	1.08	1.22
Interest coverage (times)	10.14	8.11	6.82

A: Audited; P: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Brickwork Ratings has conducted its review based on the best available information and has classified NIP as 'Not cooperating' vide its press release dated November 15, 2024. The reason provided by Brickwork Ratings is non-furnishing of information for monitoring of rating.

CRISIL has conducted its review based on the best available information and has classified NIP as 'Not cooperating' vide its press release dated May 28, 2025. The reason provided by CRISIL is non-furnishing of information for monitoring of rating.

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-Cash Credit		-	-	-	65.00	CARE BBB-(RWD)
Fund-based - LT-Term Loan		-	-	March 2026	0.58	CARE BBB-(RWD)
Non-fund-based - ST-Bank Guarantee		-	-	-	125.00	CARE A3 (RWD)

Annexure-2: Rating history of 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 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 - LT-Term Loan	LT	0.58	CARE BBB-(RWD)	-	1)CARE BBB-; Stable (28-Jun-24)	1)CARE BB+; Stable (07-Jun-23)	-
2	Fund-based - LT-Cash Credit	LT	65.00	CARE BBB-(RWD)	-	1)CARE BBB-; Stable (28-Jun-24)	1)CARE BB+; Stable (07-Jun-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	125.00	CARE A3 (RWD)	-	1)CARE A3 (28-Jun-24)	1)CARE A4+ (07-Jun-23)	-

LT-Long term; ST-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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo 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.

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