

Shanti Construction (Guj) Private Limited

September 17, 2025

Facilities/ Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	11.51	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB; Stable
Long Term / Short Term Bank Facilities	121.95	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB; Stable / CARE A3+

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE) had, vide its press release dated March 25, 2025 placed the ratings of Shanti Construction (Guj) Private Limited (SCGPL) under the 'Issuer non-cooperating category' on account of un-availability of requisite information for monitoring the ratings. Moreover, CARE has been seeking information from SCGPL to monitor the rating vide e-mail communications dated September 9, 2025, September 10, 2025 and September 11, 2025 and September 15, 2025 and numerous phone calls. However, despite our repeated requests, SCGPL did not provided the requisite information for monitoring the ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating of SCGPL's bank facilities will now be denoted as **CARE BB+, Stable, ISSUER NOT COOPERATING*/ CARE A4+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in the ratings of SCGPL is pursuant to the SEBI circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. In this circular SEBI has mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the CRA shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status."

Analytical approach: Standalone

Outlook: Stable

At the time of the last rating on March 25, 2025, the outlook had been revised to 'Stable' from 'Positive' on account on non-receipt of information for reviewing the ratings.

Detailed description of the key rating drivers

At the time of the last rating on March 25, 2025 following were the rating weaknesses and strengths:

Key weaknesses

Geographical and segmental concentration of order book

SCGPL's order book remains geographically concentrated in two states i.e. Gujarat (52%) and Maharashtra (34%). The company has however moderately diversified its operations in the state of Bihar, which accounts for 14% of the current order book. Geographical concentration of the order book exposes SCGPL to any adverse changes in the political environment or policy matters of the state that could affect the projects at large. Furthermore, the order book is segmentally concentrated in civil construction, primarily buildings. However, SCGPL's established track record of execution of multiple building construction contracts in past mitigates this risk to an extent.

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

*Issuer did not cooperate; based on best available information

Fragmented nature of the industry and stiff competition in government funded projects

Indian construction sector is highly fragmented with presence of many mid and large sized players. Moreover, due to low credit risk and a relatively stable payment track record associated with projects funded by government bodies, these projects are lucrative for all contractors. Also, removal of bid guarantee requirement for almost a year in EPC contracts post COVID-19 had resulted in aggressive bidding by large number of mid-sized players. These factors impact the profitability, scale and pricing power of mid-size entities such as SCGPL.

Sizeable working capital requirements

Operations of SCGPL are predominantly working capital intensive in nature due to requirement of funds for retention money, security deposits and margin money, apart from credit period offered to the clients, mainly government authorities. High working capital intensity is however partially offset by creditors and deposits from sub-contractors, resulting in a moderate and stable, operating cycle of 40 days in FY24 (PY: 39 days). The gross current assets days improved at 117 days (PY: 154 days) in FY24. Payment from counterparties is cleared on running account basis.

Key Rating Strengths

Experienced promoters and established track record of operations

The overall functions of SCGPL are looked after by. Dhansukh Devani and Kanaiyalal Devani, who have an experience of more than three decades in the construction segment. The extensive experience of the promoters and the company's long track record of operations provide the necessary technical expertise and established relationships with various stakeholders for execution of contracts.

Healthy orderbook with low counterparty risk with built in price escalation clause

SCGPL's order book stood at Rs.1261.13 crore as on March 31, 2024 (Rs. 1411.99 crore as on December 31, 2023) which is equivalent to 2.93 times of TOI for FY24, indicating a healthy revenue visibility in the medium term. SCGPL's order book is majorly from government entities including urban local bodies and state government undertakings, which translates into a low counterparty credit risk. All the contracts in the order book have an in-built price escalation clause which provides partial protection against risk arising out of adverse movement in prices of major inputs such as raw materials in the absence of any annual price/volume contracts with approved raw-material suppliers

Substantial growth in scale of operations and moderate profitability

SCGPL reported compounded annual growth of ~21% in its TOI over the period of five years ending FY24. On-y-o-y basis SCGPL reported significant growth of ~47% in its TOI to Rs.430.59 crore (PY: Rs.293.01 crore). The substantial growth in the scale of operations was primarily on account of pickup in order execution. Company's PBILDT margin largely remained stable at 6.62% in FY24 (PY: 7.16%) with marginal moderation of 54 bps in FY24 over FY23 on account of increase subcontracting expense to 31% of the total cost of sales (PY: 22% of the total cost of sales). Nevertheless, with dip in finance cost & depreciation cost, the PAT margin marginally improved by 35 bps to 4.22% in FY24 (PY: 3.87%). With a substantial growth in scale and stable operating profitability, SCGPL reported y-o-y growth of 45% in its gross cash accruals (GCA) to Rs.21.47 crore (PY: Rs.14.80 crore). As per the provisional financials for H1FY25, SCGPL reported TOI of Rs.162.10 crore (9MFY24: Rs.280 crore) with PBILDT of Rs. 12.97 crore.

Comfortable capital structure and debt coverage indicators; though with moderate networth base

SCGPL's capital structure improved and continues to remain comfortable, marked by an overall gearing of 0.24 times as on March 31, 2024 (0.45x as on March 31, 2023). The improvement in gearing level was on account of accretion of profits to reserves along with lower utilisation of working capital limits as on balance sheet date owing to better cashflow from operations. Networth base however stood moderate at Rs.76.31 crore at FY24 end. The debt coverage indicators improved further and remained healthy, marked by interest coverage and total debt to GCA of 13.89 times (PY: 7.23 times) and 0.86 times (PY:1.78 years) respectively, during FY24. The improvement in debt coverage indicators was on account of growth in scale of operations and moderate debt levels.

Liquidity: Adequate

Liquidity of SCGPL remains adequate characterized by sufficient cushion in gross cash accruals vis-à-vis repayment obligations, along with moderate utilization of working capital limits. The maximum utilization of fund-based and average utilisation non-fund-based limits remained moderate at around 72% and 77% respectively for the past 12 months ended August 31, 2024. The company generated cash flow from operations of Rs.23.07 crore in FY24 (PY: Rs.3.61 crore), which resulted in a build-up of free cash and bank of around Rs.7.36 crore as on March 31, 2024 (PY: Rs.1.08 crore). SCGPL's current ratio and quick ratio remained comfortable at 1.59 times (PY:1.49 times) and 0.65 times (PY: 0.75 times) respectively at FY24 end. SCGPL is envisaged to

generate gross cash accruals in the range of Rs.26-34 crore in near to medium term, which provides sufficient cushion for debt repayment obligations of around Rs.0.70-1.00 crore and incremental working capital requirements.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

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About the company

Incorporated in June 2010, Jamnagar-based Shanti Construction (Guj) Private Limited (SCGPL) is engaged in the business of building construction for government and private sector projects. Over the years, SCGPL has successfully carried out civil construction as well as turnkey works for Low Income Group (LIG) housing, hospitals, colleges, hostels, fire stations, police residential quarters mainly across the state of Gujarat.

SCGPL is an accredited "AA Class" contractor (on the scale of AA to E-2, AA being the highest) by R&B department, Government of Gujarat (GoG), Gujarat Water Supply and Sewage Board (GWSSB) and is also registered with various other government, semi-government and private organisations.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	September 30, 2024 (UA)
Total operating income	293.01	430.59	162.10
PBILDT	20.98	28.51	12.97
PAT	11.33	18.15	7.24
Overall gearing (times)	0.45	0.24	0.25
Interest coverage (times)	7.23	13.89	27.02

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	11.05	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2024	0.46	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST		-	-	-	121.95	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 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-Bank Overdraft	LT	11.05	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (25-Mar-25) 2)CARE BBB; Positive (11-Nov-24) 3)CARE BBB; Stable; ISSUER NOT COOPERATING* (11-Jun-24)	1)CARE BBB; Stable (07-Feb-24)	1)CARE BBB; Stable (30-Dec-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	121.95	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* (25-Mar-25) 2)CARE BBB; Positive / CARE A3+ (11-Nov-24) 3)CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING* (11-Jun-24)	1)CARE BBB; Stable / CARE A3+ (07-Feb-24)	1)CARE BBB; Stable / CARE A3+ (30-Dec-22)
3	Fund-based - LT-Term Loan	LT	0.46	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (25-Mar-25) 2)CARE BBB; Positive (11-Nov-24) 3)CARE BBB; Stable; ISSUER NOT COOPERATING* (11-Jun-24)	1)CARE BBB; Stable (07-Feb-24)	1)CARE BBB; Stable (30-Dec-22)

*Issuer did not cooperate; based on best available information.

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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	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 Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Anuja Parikh Associate Director CARE Ratings Limited Phone: 079-40265616 E-mail: anuja.parikh@careedge.in
	Sarvesh Gaikar Rating Analyst CARE Ratings Limited E-mail: Sarvesh.gaikar@careedge.in

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