

## Abirami Engineering Construction & Co

November 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	52.17	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Positive and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	59.75	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Abirami Engineering Construction & Co (AEC) to monitor the ratings vide e-mail communications dated October 10, 2025, November 17, 2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, AEC has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on AEC's bank facilities will now be denoted as **CARE BB; Stable/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 ratings have been revised on account of non-availability of requisite information due to non-cooperation by Abirami Engineering Construction & Co (AEC) with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile. The ratings assigned to the bank facilities of (AEC) continues to be constrained by tender driven nature of business with highly competitive industry, profitability margins susceptible to fluctuation in raw material prices, moderate capital structure, partnership nature of business constitution with inherent risk of withdrawal of capital. The ratings, however, continue to derive strength from long track record of operations and experienced promoters in construction business, improved and relatively diversified orderbook position providing revenue visibility in medium term.

### Analytical approach:

Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on October 03, 2024, the following were the rating strengths and weaknesses.

### Key weaknesses

#### Profitability margins susceptible to fluctuation in raw material prices:

The raw materials are the major cost drivers and the prices of the same are volatile in nature therefore the cost base remains exposed to any adverse price fluctuations in the prices of cement, bricks, sand, bitumen, steel, being major cost components amongst all materials. Accordingly, the profit margins of the firm are susceptible to fluctuation in raw material prices. The firm bids majority of the orders with price escalation clause which benefits the firm in mitigating the price volatility to some extent. The firm's PBILDT margin has historically ranged between 7-9%. In FY24, the PBILDT margin improved from 6.83% in FY23 to 7.47% in FY24.

#### Competitive and tender driven nature of business:

The firm receives most of the work orders from State Government of Tamil Nadu. During the past 1-2 years, the firm has diversified its customer by securing central government projects as well as private projects. All these are tender-based and the revenues are dependent on the firm's ability to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry. However, the promoter's vast experience in similar industry for two decades mitigates this risk to some extent. AEC operates in highly fragmented and competitive industry having presence of large number

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

of medium sized players. However, the firm is diversifying to other geographies and clientele which is expected to mitigate competition to certain extent.

#### **Partnership nature of business constitution with inherent risk of withdrawal of capital:**

AEC is a partnership firm wherein the inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in erosion of capital base leading to adverse effect on capital structure. However, the risks associated with partnership nature of the firm is outweighed by the significant experience of the promoters in the construction business and their ability to bring in capital to support the operations. There are no instances of capital withdrawal from the firm in the past 3-4 years and the promoters have infused capital of ₹0.64 crores in FY24.

#### **Moderate capital structure and coverage indicators:**

The capital structure marked by overall gearing stood satisfactory at 1.26x (PY: 0.80x) as on March 31, 2024. This increase is attributed to higher working capital borrowings in line with revenue growth. CARE Ratings expects the overall gearing to remain around unity in the upcoming years. The firm does not rely much on mobilization advances due to higher interest rate. Also, the firm must submit 110% bank guarantee for receiving the mobilization advance. The Interest coverage stood at 3.68x in FY24 (PY: 5.25x).

#### **Key Strengths**

##### **Long track record and experienced partners in construction business:**

AEC was founded in 2000 in Namakkal, Tamil Nadu, as a partnership firm by T. Aravindh, alongside family members Abinaya, K.R. Santhi, and S. Sabarish. As of January 11, 2024, the firm has two partners, T. Aravindh and Abinaya, following the retirement of the other partners and the transfer of their shares. T. Aravindh, the managing partner, brings over 11 years of experience in the construction sector, while Abinaya, with over 6 years of experience, supports him in managing the firm's day-to-day operations. Over the years, AEC has built strong relationships with government departments and suppliers, thanks to its long-standing presence in the market.

##### **Consistently improving and relatively diversified orderbook position:**

The firm has an outstanding work order book of ₹397.99 crore as on July 31, 2024, as against ₹365.80 crore as on May 31, 2023. Apart from the same, the firm also has L1 orders of ₹534 crore taking the total order book size to ₹931.99 crore. The order book position (including the L1 position) stood at 4.09x of FY24 TOI (1.84x in FY23) providing revenue visibility for the next 2-2.5 years. The firm has diversified its order book in terms of geography by securing orders from other states like Delhi (6.84%), Karnataka (28.29%) and Pondicherry (6.22%). The firm is currently focussing more on Central government projects and private projects for better payment terms.

#### **Assumptions/Covenants**

Not Applicable

#### **Environment, social, and governance (ESG) risks**

Not Applicable

#### **Applicable criteria**

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

[Definition of Default](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

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#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

AEC was incorporated as partnership firm in the year 2000 located in Namakkal, Tamil Nadu having presence in the construction business for more than 2 decades. AEC was initially started by Late K.R.Subramaniam during 2000. Since his demise, the firm was promoted by T. Aravindh. The firm is engaged in construction of buildings, renovation works for government departments such as Tamil Nadu Housing Board (TNHB), Tamil Nadu Urban Habitat Development Board (TNUHDB, erstwhile Tamil Nadu Slum Clearance Board) and Public work department (PWD). Due to long term presence in the market, the firm has established good relationships with Government departments and suppliers. The firm is registered as Class I Contractor for Public works Departments (P.W.D) Tamil Nadu and registered class I (AAA) contractor for the Central public works department since June 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)*
Total operating income	215.81	227.68	94.92
PBILDT	14.75	17.01	NA
PAT	6.97	7.19	NA
Overall gearing (times)	0.80	1.26	NA
Interest coverage (times)	5.25	3.68	NA

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

\*(Upto September 22, 2024)

#### 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-Cash Credit		-	-	-	48.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November 2028	4.17	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	59.75	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-Cash Credit	LT	48.00	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Positive (03-Oct-24)	1)CARE BB+; Stable (26-Jul-23)	1)CARE BB; Stable (19-Jul-22)
2	Non-fund-based - ST-Bank Guarantee	ST	59.75	CARE A4; ISSUER NOT COOPERATING *	-	1)CARE A4+ (03-Oct-24)	1)CARE A4+ (26-Jul-23)	1)CARE A4 (19-Jul-22)
3	Fund-based - LT-Working Capital Demand loan	LT	-	-	-	-	-	1)Withdrawn (19-Jul-22)
4	Fund-based - LT-Term Loan	LT	4.17	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Positive (03-Oct-24)	1)CARE BB+; Stable (26-Jul-23)	1)CARE BB; Stable (19-Jul-22)

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

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 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](mailto:care@careedge.in) for clarifications.

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