

Ajay Associates

January 20, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	85.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed 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 Limited (CareEdge Ratings) has been seeking information from Ajay Associates (AA) to monitor the rating vide e-mail communications dated December 15, 2025, December 19, 2025, December 24, 2025, December 25, 2025 and January 12, 2026 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 Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. The ratings on AA'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 ratings assigned to the bank facilities of Ajay Associates (AA) has been revised due to non-availability of requisite information. Further, the ratings are constrained by modest scale of operations, moderate capital structure and debt coverage indicators. The ratings further remain constrained due to highly competitive industry with business risk associated with tender based orders, volatility associated with fluctuations in input prices and absence of price escalation clause, working capital intensive operations, and constitution of the entity being a proprietorship firm. The ratings, however, derive comfort from experienced proprietor and moderate profitability margins.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on February 20, 2025 the following were the rating strengths and weaknesses (updated based on FY25 audit report shared by the firm).

Key weaknesses

Small scale of operations

The scale of operations continued to improve, reflected in an increase in total operating income to ₹118.14 crore in FY25 (refers to the period from April 01, 2024 to March 31, 2025) compared to ₹97.40 crore in FY24 (refers to the period from April 01, 2023 to March 31, 2024). Despite the sustained growth over the past three fiscals, the overall scale remains modest.

Moderate capital structure and debt coverage indicators

The capital structure continued to remain moderate in FY25, with the overall gearing of 1.05x as on March 31, 2025 as against 1.24x previously, improving marginally owing to lower debt levels and an increase in net worth due to accretion of profits. Debt coverage indicators was moderate as Total Debt/GCA at 4.16 years (P.Y.:3.78 years) and interest coverage remained of 3.80x in FY25 (4.03x in FY24).

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

Highly competitive industry with business risk associated with tender-based orders

Ajay Associates operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the firm and has exerted pressure on its margins. Further, the firm receives all its majority of work orders from the government departments. The risk arises from the fact that any changes in geopolitical environment and policy matters would affect all the projects at large. Furthermore, any changes in government policy or government spending on projects are likely to affect the revenues of the firm. Moreover, the firm majorly undertakes government projects which are awarded through the tender-based system. This exposes the firm towards risk associated with the tender based business, which is characterized by the intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Volatility associated with fluctuations in input prices and absence of price escalation clause

The major input materials for the firm are bitumen, cement, bricks, sand etc., the prices of which are volatile in nature. This apart, any increase in labour cost will also impact on the profitability being present in a highly labor-intensive industry. The absence of price escalation clause restricts the firm's ability to pass on the incremental raw materials and other costs to its customers and is likely to impact on the profitability of the firm.

Working capital intensive operations

The operations remain working capital intensive, although efficiency improved during FY25 with gross current assets of 106 days as on March 31, 2025 as compared to 124 days as on March 31, 2024. The firm raises bills on the completion of certain percentage of work and thereon which gets acknowledge by customer after necessary inspection of work done. Post the inspection, department clears the payment by deducting certain percentage of bill raised (ranging from 5-10% of bill amount) in the form of retention money, which they refund after completion of order/contract or submission of bank guarantee. Further, the operating cycle shortened to 42 days in FY25 from 58 days in FY24, aided by lower receivable days (27 days) and inventory days (29 days).

Constitution of the entity being a proprietorship firm

Ajay Associates' constitution being a proprietorship firm has the inherent risk of possibility of withdrawal of the proprietor's capital at the time of personal contingency and the firm being dissolved upon the death/insolvency of proprietor. Moreover, the proprietorship firms have restricted access to external borrowing as credit worthiness of the proprietor would be the key factors affecting credit decision for the lenders. The proprietor withdrew capital worth ₹1.36 crore during FY25 compared to a withdrawal of ₹8.39 crore during FY24.

Key strengths**Experienced management**

Ajay Associates is being managed by its proprietor, Mr. Ajay Kumar Singh, who is a graduate by qualification. He holds an extensive experience of around three decades in the industry and have an adequate acumen about various aspects of business which is likely to benefit the firm in the long run. The firm is having a considerable track record in this business which has given them an understanding of dynamics of the market and enabled them to establish long-term relationships with both suppliers and customers.

Moderate profitability margins

Profitability remained moderate in FY25. The PBILDT margin stood at 9.40% (9.91% in FY24), with a slight moderation due to increased operating costs. The PAT margin declined to 3.08% in FY25 (5.02% in FY24), impacted by higher interest expenses and depreciation.

Assumptions/Covenants: Not Applicable

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

Applicable Criteria

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Financial Ratios – Non-financial Sector](#)

[Rating Methodology -Construction Sector Rating](#)

[Short Term Instruments](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Established in the year 1995, Ajay Associates is a Gorakhpur (Uttar Pradesh) based proprietorship firm. It is engaged in the road construction and civil works for PWD, RED and other government agencies. It is managed by its proprietor, Mr. Ajay Kumar Singh who in turn is supported by experienced management team.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	97.40	118.14
PBILDT*	9.65	11.11
Profit after tax (PAT)	4.89	3.63
Overall gearing (x)	1.24	1.05
Interest coverage (x)	4.03	3.80

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: CRISIL has retained the rating(s) assigned to bank facilities of Ajay Associates under the 'Issuer Not Cooperating' category vide its press release dated May 21, 2025.

Brickwork has retained the rating(s) assigned to bank facilities of Ajay Associates under the 'Issuer Not Cooperating' category vide its press release dated June 05, 2025.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-Working Capital Limits		-	-	-	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST		-	-	-	40.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	45.00	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-Working Capital Limits	LT	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (20-Feb-25)	1)CARE BB; Stable (19-Feb-24)	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	45.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (20-Feb-25)	1)CARE BB; Stable / CARE A4 (19-Feb-24)	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	40.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (20-Feb-25)	1)CARE BB; Stable / CARE A4 (19-Feb-24)	-

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

LT: Long 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-Working Capital Limits	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - LT/ 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 for clarifications.

Contact us

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About us:

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