Press Release

Ajab Singh and Company

June 20, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	35.00 (enhanced from 20.50)	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	IVR B+/Negative; ISSUER NOT COOPERATING* (IVR Single B plus with Negative Outlook; Issuer Not Cooperating*)	Rating upgraded and removed from ISSUER NOT COOPERATING* and outlook revised	Simple
Short Term Bank Facilities	32.11	IVR A4 (IVR Single A four)	IVR A4; ISSUER NOT COOPERATING* (IVR Single A four; Issuer Not Cooperating*)	Rating reaffirmed and removed from ISSUER NOT COOPERATING*	Simple
Total	**67.11 (Rupees sixty-seven crore and eleven lakh only)**				

*Issuer did not cooperate; based on best available information

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating assigned to the bank facilities for the long-term facilities to IVR BB- with change in outlook from Negative to Stable and reaffirmed the short-term rating to IVR A4 of Ajab Singh and Company (ASC). Further, the ratings have also been removed from Issuer not cooperating category on account of management cooperation.

The ratings have been upgraded on account of company's experienced partners and management team along with a moderate financial risk profile. However, these strengths are partially offset by decline in scale of operations albeit improved profitability, susceptibility of operating margin to volatile input price and inherent risks associated with the partnership firm structure. Further, the company is also exposed to risk associated with geographical concentration and competitive tendering challenges.

The outlook for ASC is expected to remain 'Stable', supported by expected steady increase in revenues over FY26–FY28 and adequate debt protection metrics coupled with considerable growth potential for industry.

IVR has principally relied on the standalone provisional financial results of ASC up to 31 March 2025 (refers to 1 April 2024 to 31 March 2025) & projected financials from FY26(refers to 1 April 2025 to 31 March 2026) to FY28 (refers to 1 April 2027 to 31 March 2028), and publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Sustained revenue growth while maintaining EBITDA margins at current high levels. Achieving a significantly higher scale while maintaining low leverage levels would be beneficial for the company.
- Significant growth in cash accruals and prudent working capital management

Downward Factors

- Any significant decline in revenue and profit margin on a sustained basis
- Moderation in capital structure with significant deterioration in overall gearing ratio deteriorated above 2x
- Deterioration in debt protection metrics and Total debt/GCA

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced partners and management team**
  The firm is being managed by experienced and professional partners who have rich experience in the industry and is instrumental in setting up and developing the firm. The partner also has educational qualification in Civil Engineering and two decades of experience in the field of civil construction. This has given them an understanding of

the dynamics of the market and enabled them to establish relationships. The partners are also supported by an experienced management team.

- **Moderate financial risk profile**

  The company exhibits a moderate financial risk profile, supported by a net worth (TNW) of Rs. 25.18 crore as on FY25 (Prov.) and a moderate capital structure, with overall gearing at 1.99x in FY25 (Prov.) compared to 1.64x as on March 31, 2024, increase on account of higher utilization of in working capital bank borrowings as on balance sheet date. Its total indebtedness, reflected by a TOL/TNW ratio also stood moderate at 2.79x as on March 31, 2025. Total Debt /GCA deteriorated to 10.54x as on March 31, 2025 from 6.31x in March 31, 2024 on account of increased working capital borrowing and lower gross cash accruals. Debt coverage indicators have strengthened, with the DSCR improving to 2.21x in FY25 (Prov.) from 1.40x in FY24, and the Interest Coverage Ratio rising to 3.12x from 2.21x. This improvement reflects the company’s enhanced ability to service its debt, primarily driven by higher EBITDA.

Key Rating Weaknesses

- **Decline in scale of operations albeit improved profitability**

  The company’s total operating income has moderated by ~ 27% on a y-o-y basis and stood at Rs. 87.89 Cr in FY25(Prov.) (Rs. 120.54 Cr in FY24) because of pending bills from Delhi Jal Board. The EBITDA margin improved significantly to 12.48% in FY25 (Prov.) from 8.47% in FY24 on account of decline in operating expenses. Subsequently the PAT margin has also increased to 4.77% in FY25(Prov.) from 3.97% in FY24. A key contributor to the EBITDA improvement was the recognition of revenue from previously completed work, for which billing occurred in the current year owing to procedural or departmental delays. Since the materials for this work were procured in the prior financial year, the associated cost impact in FY25 was minimal.

- **Susceptibility of operating margin to volatile input price and structural risks and partnership concern.**
  The firm faces susceptibility in its operating margins due to fluctuations in input prices, especially given the long gestation periods of infrastructure projects. Although the inclusion of price escalation clauses in most long-term contracts offers partial protection, volatility in raw material and labor costs can still impact profitability. Also being a partnership concern, the firm is exposed to inherent risk of the partner's capital being withdrawn at any time and firm being dissolved upon the demise/retirement/ insolvency of/ among the partners. These factors collectively pose challenges to financial stability and business continuity.

- **Geographical dependence and competitive tendering challenges**
  The firm faces geographical concentration risk within the National Capital Region (NCR), which exposes the firm to localized economic, regulatory, and infrastructural changes. This limited regional focus restricts its ability to diversify operations and capture opportunities in other growing markets across India. Additionally, the construction and infrastructure sector in the NCR is highly competitive, with numerous established players vying for government projects. The tender-based contract awarding system further intensifies this competition, often leading to aggressive bidding and pressure on profit margins. Such a procurement environment not only demands razor-thin pricing but also limits the predictability of contract awards, which can affect the firm's revenue stability and long-term planning.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Infrastructure Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities

Liquidity – Stretched

ASC has earned a gross cash accrual of Rs. 4.75 crore in FY25(Prov.). Further the firm is expected to earn gross cash accruals in the range of ~Rs. 5 to 8 crores in FY26-FY28 as against its debt repayment obligations in the range of ~Rs.0.21 to 0.22 crores in FY26-28. Further, average cash credit utilisation of the company remained moderate at ~66% of the Rs.35.00 Cr limits but maximum levels reaching full utilisation during the past 12 months ended May 2025 indicating low liquidity cushion. The liquidity ratio indicating its current ratio and quick ratio was reported at 1.62x and 1.48 respectively as on March 31, 2025 Prov.

About the Company

Ajab Singh and Company was incorporated in 2009 as a partnership firm in New Delhi. The firm is currently being managed by Mr. Ajab Singh, Mr. Deepak Choudhary and Mr. Harish Choudhary. The firm undertakes the work of large magnitude residential accommodation administrative and public health i.e., water & sewerage projects, sewer line and other civil engineering projects in the National Capital region. The firm has already executed works of reputed concern like Delhi Development Authority (DDA) and Delhi Jal Board (DJB) and has completed works of building construction, development works, sewerage drains, commercial complex, etc.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	120.54	87.89
EBITDA	10.21	10.97
PAT	4.88	4.20
Total Debt	34.45	50.07
Tangible Net Worth	21.07	25.18
EBITDA Margin (%)	8.47	12.48
PAT Margin (%)	3.97	4.77
Overall Gearing Ratio (x)	1.64	1.99
Interest Coverage (x)	2.21	3.12

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)				Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating Jun 20, 2025	Rating May 06, 2025	Date(s) & Rating(s) assigned in (2024-25)	Date(s) & Rating(s) assigned in (2023-24) Mar 19, 2024	Date(s) & Rating(s) assigned in (2022-23)
1.	Cash Credit	Long Term	35.00	IVR BB-/ Stable	IVR B+(INC)/ Negative	-	IVR BB-/ Stable	-
2.	Bank Guarantee	Short Term	32.11	IVR A4	IVR A4(INC)	-	IVR A4	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Annexure 1: Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	35.00	IVR BB-/ Stable
Bank Guarantee	-	-	-	-	32.11	IVR A4

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/Len-Ajab-Singh-Co-20june25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.