



Press Release

A K Shivhare Infrastructure Private Limited

April 16, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	25.00 (Enhanced from Rs.21.00 crore)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	200.00 (Enhanced from Rs.154.00 crore)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating Reaffirmed	Simple
Total	225.00 (Rupees Two Hundred and twenty-five crore only)				

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

Detailed Rationale

The reaffirmation in the ratings assigned to the bank facilities of A K Shivhare Infrastructure Private Limited (AKSIPL) is on account of improvement in business performance in FY2024 (refers to the period from April 01 to March 31) and subsequently in 11MFY2025 coupled with comfortable capital structure and satisfactory debt coverage indicators. Further, the ratings continue to derive strength from its experienced promoters coupled with proven project execution capability, reputed clientele and strong order book position reflecting healthy near to medium term revenue visibility. However, these rating strengths continue to remain partially offset by susceptibility of operating margin to volatile input prices, tender driven nature of business in highly fragmented & competitive operating scenario and exposure to geographical & sectoral concentration risk.

The stable outlook on the ratings reflects AKSIPL's established long track record of operation and continuous growth in scale of operation over the years and expected stable business performance in the near to medium term.

Key Rating Sensitivities:

Upward Factors:



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- Sustenance of the growth in scale of operations while maintaining the overall profit margins.
- Sustenance of the capital structure with improvement in debt coverage indicators.
- Steady flow of orders & timely execution of the same on a sustained basis.

Downward Factors:

- Moderation in scale of operations and/or profitability growth impacting the liquidity profile on a sustained basis.
- Moderation in the capital structure with moderation in the overall gearing to over 1x

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The founder promoter of the company, Mr. Anil Kumar Shivhare have an experience of around two decades in the civil construction industry. Mr. Arun Kumar Shivhare, civil engineer by qualification, also has an industry experience of around 21 years while Mr. Abhishek Shivhare, B.E. in engineering by qualification, have an experience of around 13 years in the sector. All the directors are actively involved in managing the overall operations of the company along with the support of experienced and qualified personnel. Further, the company has a long and demonstrated track record of construction of roads and bridges on EPC basis. The company is registered as class 'A' contractor with Public Works Department (PWD) of Madhya Pradesh. The company majorly has presence in Madhya Pradesh, Manipur and Maharashtra.

- **Proven project execution capability**

Over the past years, the company has successfully completed many projects across Madhya Pradesh, Manipur and Maharashtra and ensured timely completion of all its projects. The repeat orders received from its clientele validate its construction capabilities.

- **Reputed clientele indicating lower counter party credit risk**

AKSIPL mainly bids for tenders floated by various government departments/entities majorly in the road construction sector across Madhya Pradesh, Manipur and Maharashtra. Hence, the counter party credit risk remains relatively low for the company, though timely receipt of bill payments from government, semi-government agencies is dependent on their timely receipt of sanctioned funds from higher authorities.

- **Strong order book position reflecting a healthy near to medium term revenue visibility**



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AKSIPL has unexecuted orders of ~Rs.1700.33 crore as on February 01, 2025, translating into 4.44 times of its FY2024 revenue, thereby providing healthy medium-term revenue visibility. These orders have been received from government departments and spans across states of Madhya Pradesh, Manipur and Maharashtra. Though the order book is expected to be executed over next 2-3 years, however, timely completion of the same would remain a key monitorable.

- **Improvement in business performance in FY24 and in 11MFY25**

Total operating income (TOI) witnessed a y-o-y growth of ~48% from Rs.259.14 crore in FY23 to Rs.383.35 crore in FY24 driven by higher execution of orders. With the increase in scale of operations, EBITDA also increased from Rs.26.31 crore in FY23 to Rs.38.14 crore in FY24, with marginal moderation in EBITDA margin from 10.15% in FY23 to 9.95% in FY24 on account of increase in operational overheads. Nevertheless, PAT margin increased marginally from 4.09% in FY23 to 4.59% in FY24. Aided by increase in profit level, GCA also increased from Rs.16.86 crore in FY23 to Rs.25.53 crore in FY24. During the current fiscal year also the scale of operations continues to grow and AKSIPL registered a top line of Rs.380.11 crore during 11MFY25 as against a top line of Rs.255.50 crore during 11MFY24. The ability of the company to sustain the growth in its scale of operations while maintaining its profit margins will remain a key rating monitorable going forward.

- **Comfortable capital structure coupled with satisfactory debt coverage indicators in FY2024**

The capital structure of the company comprises equipment loans from banks and financial institutions, small amounts of mobilization advances and working capital borrowings. The capital structure remained comfortable with lower reliance on external debts. Long term debt equity ratio and overall gearing though moderated marginally yet continued to remain comfortable at 0.29x (0.22x as on March 31, 2023) and 0.51x (0.40x as on March 31, 2023) respectively as on March 31, 2024. Total indebtedness as reflected by TOL/ATNW stood comfortable at 1.12x as on March 31, 2024. With increase in EBITDA, ICR improved from 4.47x in FY23 to 5.22x in FY24. Total debt/EBITDA and Total debt/GCA also stood comfortable at 1.31x and 1.96x respectively as on March 31, 2024.

- **Favourable demand potential for road infrastructure projects**

India has the one of largest road network across the world, spanning over a total of 5.5 million km with gradual increase in road transportation over the years attributable to improvement in connectivity between cities, towns and villages in the country. The government, through a



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series of initiatives, is working on policies to attract significant investor interest. AKSIPL being mainly in road construction likely to be benefitted in near to medium term the increased thrust of the government in developing the road infrastructure.

Key Rating Weaknesses

- **Susceptibility of operating margin to volatile input prices**

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including sub-contracting) cost forms the majority chunk of the total cost of sales for the company. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) cost. However, the presence of escalation clause (for raw materials) in most of the contracts protect the margin to an extent.

- **Tender driven nature of business in highly fragmented & competitive operating scenario**

AKSIPL's business is dependent on the company's ability to successfully bid for the tenders. Further, the domestic infrastructure/construction sector is highly fragmented with the presence of many players with varied statures & capabilities. This restricts AKSIPL's operating and financial flexibility.

- **Geographical and sectorial concentration risk**

The present order book is majorly skewed towards road construction in Madhya Pradesh, Manipur and Maharashtra from various government departments indicating a geographical and sectorial concentration risk. Also, the company is exposed to the risk of a reduction in workflow in case of any prolonged down-cycle in the road construction sector. However, the company's management has adequate experience in order to execute projects which provides comfort. The contracts are expected to be completed in the next 2-3 years.

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](#)



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Liquidity – Adequate

The liquidity profile of the company is expected to remain adequate in the near to medium term marked by expected sufficient cash accruals vis-à-vis its debt repayment obligations. The company has earned a gross cash accrual (GCA) of Rs.25.53 crore in FY24 and is expected to earn adequate GCA to service debt repayment obligation of Rs.12.59 crore in FY25, Rs.9.05 crore in FY26 and Rs.3.40 crore in FY27 respectively. The overall gearing remained comfortable at 0.51x as on March 31, 2024, indicating a healthy gearing headroom. Further, the average utilisation of fund based working capital limits for the last twelve months ended February 28, 2025, remained moderate at ~69% indicating adequate liquidity buffer. The average utilisation of non-fund-based limits also remained moderate at ~54% in the last twelve months ended February 28, 2025. Moreover, the current ratio remained comfortable at 2.13x as on March 31, 2024.

About the company

Incorporated in 2011, A K Shivhare Infrastructure Private Limited (AKSIPL) was earlier established as a partnership firm in 2001 under the name "M/s. A K Shivhare and Company" and subsequently converted into a private limited company in 2011. AKSIPL is engaged in civil construction of roads and bridges for government departments. The company is registered as class 'A' contractor with Public Works Department (PWD) of Madhya Pradesh. The company majorly executes projects in the State of Madhya Pradesh, Manipur and Maharashtra.

Financials: Standalone

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	259.14	383.35
EBITDA	26.31	38.14
PAT	10.67	17.71
Total Debt	32.07	50.07
Adjusted Tangible Net Worth	79.64	97.50
EBITDA Margin (%)	10.15	9.95
PAT Margin (%)	4.09	4.59
Overall Gearing Ratio (x)	0.40	0.51
Interest Coverage (x)	4.47	5.22

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					April 02, 2025	-	March 28, 2024	-
1	Cash Credit	Long Term	25.00 (Enhanced from Rs.21.00 crore)	IVR BBB+ / Stable	IVR BBB+ / Stable	-	IVR BBB / Stable	-
2	Overdraft	Short Term	2.50 (Reduced from Rs.6.50 crore)	IVR A2	IVR A2	-	IVR A3+	-
3	Bank Guarantee	Short Term	197.50 (Enhanced from Rs.147.50 crore)	IVR A2	IVR A2	-	IVR A3+	-

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About Infomerics:

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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	25.00	IVR BBB+/ Stable
Overdraft	-	-	-	2.50	IVR A2
Bank Guarantee	-	-	-	197.50	IVR A2

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-AKShivhare-apr25.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.