



Press Release
ASHTECH INDIA PRIVATE LIMITED
June 18, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	125.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	125.00	-	-

Rating Rationale

Acuite has assigned its long-term rating to '**Acuite BBB-**' (read as **ACUITE Triple B minus**) on the Rs. 125.00 crore bank facilities of Ashtech India Private Limited (AIPL). The outlook is '**Stable**'.

Rationale for Rating

The rating assigned reflects the established track record of operations and industry experience of the directors of the company in Trading, Services and Manufacturing industry for more than two decades. The rating also factors in the healthy financial risk profile of the company reflected by low gearing (debt/equity) of 0.41 times in FY23 along with moderate debt protection metrics. The rating also favourably considers the increase in scale of operations with a revenue stood at Rs. 727.97 crore in FY23 as compared to 385.43 crore in FY22 and Rs 675 Crores till Feb 2024. However, the rating is constrained by moderate working capital management with a high GCA days of 126 days in FY 2023. Further, it factors in the susceptibility of profitability due to cyclical in construction materials Industry and intense competition.

About the Company

Ashtech India Private Limited (AIPL) is established in 2002 by Mr. Hanuman Mandhanian and his sons, Mr. Bankat Mandhanian, Mr. Sanjay Mandhanian, and Mr. Satish Mandhanian. The company is engaged in trading of fly ash, offering transportation services as well as manufacturing and distribution of a diverse range of products, including Fly Ash, Ultra Fine Fly Ash (P500), Cement, Gypsum Powder, Ready Mix Plaster, Solid Concrete Blocks, Uni Pavers, Ready Mix Concrete, Aggregates, Admixtures, Atblue, GBFS (Slag), GGBFS, Polymers, Grout, and Grinding Aid. AIPL's facilities are strategically located across India, in Andhra Pradesh, Delhi & NCR, Gujarat, Karnataka, Maharashtra, Odisha, Tamil Nadu, Uttar Pradesh, West Bengal, and Kerala. The company's head office is based in Mumbai, Maharashtra.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Ashtech India Private Limited (AIPL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The company is managed by Mr. Bankat Mandhanian, Mr. Sanjay Mandhanian, and Mr. Satish Mandhanian and a team of experienced personnel. The directors possess over 20 years of experience in this line of business. The long-standing experience of the directors and long track record of operations has helped the company to establish comfortable relationships with key suppliers and customers. The experience of the directors is also evident through the improving scale of operations, with revenue of the company increased to 727.97 crore in FY2023 from 385.43 crore in FY2022. Further, the company has achieved a revenue of Rs 675 crore till Feb 2024 and is expected to achieve a revenue of Rs 770 crore for FY2024. Acuite believes that company shall continue to benefit from its established presence and track record along with a healthy relationship with customers.

Healthy Financial Risk Profile

The financial risk profile of the company is healthy, marked by healthy net worth, low gearing and moderate debt protection metrics. The net worth of the company stood at Rs.167.87 crore in FY 2023 as compared to Rs 128.61 crore in FY 2022. The increase in networth is majorly due to accretion of profits to the reserves. The gearing of the company has stood low at 0.41 times in FY 2023 as compared to 0.55 times in FY 2022. The gearing is expected to remain low over the medium term on account of absence of any debt funded capex plans and modest incremental working capital requirements. The TOL/TNW of the company stood at 1.40 times as on 31st March 2023 as against from 1.20 times as on 31st March 2022. Further, debt Protection metrics stood moderate with Interest Coverage Ratio (ICR) stood at 10.46 times as on 31st March 2023 as against 4.94 times as on 31st March 2022. The Debt Service Coverage Ratio (DSCR) of the company stood at 2.11 times as on 31st March 2023 as compared to 1.31 times in the previous year. The Net Cash Accruals to Total Debt (NCA/TD) ratio stood at 0.64 times as on 31st March 2023 as compared to 0.39 times in the previous year.

Acuite expects the financial risk profile of the company may continue to remain healthy, with no major debt funded capex plan in medium term and steady cash accruals.

Weaknesses

Moderate Working capital management

The working capital operations of the company are moderate in nature marked by GCA days of 126 days in FY2023 as well as in FY2022. The debtor's collection period stood at 104 days in FY2023 as against 90 days in FY2022. Generally, the company has a policy of providing credit of upto 90 days to its customers. The inventory days for the company stood at 6 days in FY2023 as against 14 days in FY2022. Generally, the inventory holding period that the company follows is around 10 days. Also, the creditors days stood at 78 days in FY2023 as against 104 days in FY2022. Generally, the company is paying advance to majority of suppliers and with few enjoys the credit period of 30-60 days. Furthermore, the average utilization of working capital for fund based limits remained moderate, averaging around 61% over the last 10 months ending January 2024.

Acuite believes that working capital operations of AIPL may continue to remain moderate over the medium term.

Susceptibility of profitability due to cyclicity in construction materials Industry and intense competition

The demand for products is intricately tied to the level of activity in commercial and residential real estate, as well as infrastructure segments. These sectors are influenced by the broader economic context, resulting in their cyclical nature. The major raw material of the company is Fly Ash. The company operates in a highly competitive and fragmented industry characterised by low entry barriers, which results in intense competition from the large number of organised and unorganised players present in the downstream segment providing similar products and services. Hence, the bargaining power of the company remains low due to the competitive nature of the industry. Any volatility in the prices of the raw materials has a direct impact on the profitability margins of the company.

Rating Sensitivities

- Improvement in scale of operation while improving the profitability margin.
- Any elongation in its working capital cycle.
- Deterioration in financial risk profile.

Liquidity Position

Adequate

The company's liquidity position is adequate, and the company has sufficient net cash accruals of Rs.42.89 crore in FY2023 as against its maturity debt obligations of Rs.9.57 crore in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs. 48.88 – 55.49 crore as against the maturing repayment obligations of around Rs. 12.42 crore over the medium term. However, the working capital management of the company is moderate marked by GCA days of 126 days in FY2023 as well as in FY2022. The current ratio stands at 1.29 times as on 31st March 2023 as against 1.15 times as on 31st March 2022. The average bank limit utilization for the past 10 months ending January 2024 is moderate averaging around 61% percent.

Acuite believes that liquidity position of the company may continue to remain adequate with steady cash accruals.

Outlook: Stable

Acuite believes the outlook on AIPL will continue to remain 'Stable' over the medium term backed by its long track record of operations and experienced management and healthy financial risk profile. The outlook may be revised to 'Positive' if the company is able to successfully acquire higher orders which will lead to significant improvement in scale of operations and the profitability margins while also improving its working capital operations. Conversely, the outlook may be revised to 'Negative' in case of any operating inefficiency by AIPL leading to deterioration in revenue and profitability along with financial risk profile and liquidity position of the company.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	727.97	385.43
PAT	Rs. Cr.	29.25	11.76
PAT Margin	(%)	4.02	3.05
Total Debt/Tangible Net Worth	Times	0.41	0.55
PBDIT/Interest	Times	10.46	4.94

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	75.00	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.00	ACUITE BBB- Stable Assigned
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 Apr 2031	Simple	30.00	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	Simple	4.00	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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