

June 16, 2026

## Anchor Ceramic Company Private Limited: [ICRA]BB (Stable)/[ICRA]A4+; assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Overdraft	16.00	[ICRA]BB (Stable); assigned
Long-term/short-term – Non-fund based – Bank guarantee	104.00	[ICRA]BB (Stable)/ [ICRA]A4+; assigned
<b>Total</b>	<b>120.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings assigned to the bank facilities of Anchor Ceramic Company Private Limited (ACCPL) factor in the steady ramp-up in its operating income (OI), with a CAGR of ~22% over the five-year period ending FY2026, coupled with an adequate revenue visibility and a comfortable financial risk profile. The unexecuted order book of Rs. 246.9 crore as on March 31, 2026, translates into an order book-to-operating income (OB/OI) of 1.4 times (based on provisional OI of FY2026), against an average execution tenure of 1.5 years, thereby providing adequate revenue visibility. ICRA notes the company's plans to diversify into solar power generation, which could improve business diversification over the medium term, however, the commissioning timeline remains to be seen.

The financial risk profile is comfortable, with a TOL/TNW of 0.6 times as on March 31, 2026 (provisional) and an interest coverage of 8.8 times in FY2026. While some moderation in leverage and coverage metrics is expected with the planned debt-funded capex for the solar project, these metrics are likely to remain commensurate with the current rating levels. The ratings positively note the promoters' experience of over two decades in executing sewerage and related projects, as well as the company's established track record. Comfort is derived from the short gross conversion cycle, supported by timely receipt of payments from customers, given the company's exposure to projects from reputed counterparties, primarily Government agencies and authorities in Tamil Nadu.

The ratings are, however, constrained by a highly concentrated OB, with only three projects in the unexecuted pipeline, all located in Tamil Nadu, and limited to a single segment, viz., underground sewerage systems. While the presence of a reputed counterparty provides some comfort, as all projects are with the Tamil Nadu Water Supply and Drainage (TWAD) Board, the company also remains exposed to counterparty concentration risk. The operating margins moderated to 7.5% in FY2026 from 9.0% in FY2024, despite strong ramp-up in execution during the corresponding period and are expected to remain moderate at 7-8% over the medium term, as the benefits of scale could be offset by competitive pressures. Moreover, the inherently low value addition in the sewerage construction segment, with high share of input costs being raw materials, and the residual execution risks associated with ongoing contracts weigh on the credit profile. Nevertheless, ICRA draws comfort from ACCPL's track record of executing projects in the sewerage segment. ICRA notes the company's plans to diversify into solar power generation, which would entail sizeable, largely debt-funded capital expenditure over the medium term. Consequently, leverage and coverage metrics are likely to moderate in the near-to-medium term; the company's ability to timely commission the project and generate commensurate returns, remains a key rating monitorable.

The company also remains exposed to industry cyclicality and intense tender-based competition, which can lead to volatility in order inflows, revenues, and margins. The ratings also factor in sizeable contingent liabilities in the form of bank guarantees, although some comfort is drawn from the company's execution track record and the absence of past invocations.

The Stable outlook on the long-term rating reflects ICRA's opinion that the entity will maintain its credit profile on the back of its established track record in the construction industry, comfortable financial risk profile and timely receipt of payments from its key customers supporting its liquidity profile.

## Key rating drivers and their description

### Credit strengths

**Established track record and healthy execution capabilities, with reputed clientele** – The promoters have more than two decades of experience in executing underground sewerage and related projects. Further, the key management has long experience in the construction business, especially sewerage projects. The company, initially led by the Late P. Rajachandrasekharan, is now managed by his younger brother, Mr. P. Ravichandran, along with other family members. It is supported by a team of qualified and experienced professionals. ACCPL's repeat orders from clients reflect its execution capabilities. The presence of reputed counterparties, mainly Government agencies in Tamil Nadu, also supports a relatively shorter cash conversion cycle due to timely payments.

**Comfortable financial risk profile** – ACCPL's operating income increased at a CAGR of ~22% over the last five years ending FY2026, supported by steady order inflows and improved execution. With limited reliance on external debt and sustained accretion to reserves, the capital structure remains comfortable, with TOL/TNW of 0.6 times as on March 31, 2026. Going forward, the leverage and coverage are expected to moderate due to planned debt-funded capex for a solar power project, though they are likely to remain commensurate with the rating level.

### Credit challenges

**Moderate operating margins and average execution risk** – Despite a strong ramp-up in execution during FY2025 and FY2026, the operating margins fell to 7.5% in FY2026 from ~9.0% in FY2024 and are expected to remain moderate at 7-8% over the medium term, as the benefits of scale could be offset by competitive pressures. Moreover, the inherently low value addition in the sewerage construction segment, with high share of input costs being raw materials, and the residual execution risks associated with ongoing contracts weigh on the credit profile. Nevertheless, ICRA draws comfort from ACCPL's track record of executing projects in the sewerage segment.

**Concentrated order book in terms of geography, segment, client and project** – The order book remains highly concentrated, with all projects located in Tamil Nadu. The segmental concentration is also high, with all three ongoing projects in the underground sewerage segment. In recent years, the revenues have been derived from a limited set of clients, indicating high customer concentration. The current order book is entirely with a single ultimate counterparty, the TWAD Board.

**Risks associated with construction sector including sizeable non-fund based exposure** – The company remains exposed to industry cyclicality and intense tender-based competition, which can lead to volatility in order inflows, revenues, and margins. The ratings also factor in sizeable contingent liabilities in the form of bank guarantees (Rs. 66.4 crore as of March 2026), although some comfort is drawn from the company's execution track record and the absence of past invocations.

### Liquidity position: Adequate

The company's liquidity position is expected to remain Adequate, supported by healthy cash flow from operations, and available liquidity buffers, including free cash and bank balances of ~Rs. 58 crore and unutilised fund-based limits of ~Rs. 15 crore as on March 31, 2026. The debt repayment obligations remain modest at Rs. 1.5-2.0 crore annually over FY2027-FY2028. While the company has planned capex, primarily towards solar development, the proposed funding mix of debt and internal accruals is expected to be manageable. Additionally, ACCPL retains financial flexibility through the ability to avail mobilisation advances and realise retention money against bank guarantees.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded if there is an improvement in business diversification, along with an expansion in the scale of operations and profitability margins, while maintaining healthy coverage metrics and adequate revenue visibility.

**Negative factors** – Pressure on the ratings could arise if there is a material decline in the company’s scale of operations, or operating profitability, or an elongation in cash conversion cycle, leading to weakening of the financial risk profile. Any significant debt-funded capital expenditure, adversely impacting leverage and liquidity, could also exert downward pressure on the rating.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Anchor Ceramic Company Private Limited (ACCPL), incorporated in 1987, executes civil construction projects, primarily underground sewerage systems (UGSS), combined water supply schemes, and related civil works. The company was initially set up to manufacture stoneware (SW) pipes, but diversified into civil construction in FY2001. The manufacturing business was discontinued around 2017, following a regulatory shift towards the use of Unplasticised Polyvinyl Chloride (UPVC) pipes.

ACCPL has been managed by its promoters since 1987 and has executed projects for various Government agencies and municipal bodies, including the TWAD Board, Tiruchirappalli City Municipal Corporation, Erode City Municipal Corporation, and PWD-Thanjavur. Over the years, the company has built execution experience across collection systems, pumping mains, lift stations, pumping stations, and treatment plants. ACCPL is also empanelled as a Class-I civil contractor with some Government authorities, including the TWAD Board and the Chennai Metropolitan Water Supply and Sewerage Board.

## Key financial indicators (audited)

ACCPL (Standalone)	FY2025	FY2026*
Operating income (Rs. crore)	162.8	179.7
PAT (Rs. crore)	8.6	9.8
OPBDITA/OI (%)	7.7%	7.5%
PAT/OI (%)	5.3%	5.4%
Total outside liabilities/Tangible net worth (times)	0.9	0.6
Total debt/OPBDITA (times)	1.0	0.3
Interest coverage (times)	7.6	8.8

Source: Company, ICRA Research; All ratios are as per ICRA’s calculations; Amount in Rs. crore; OI: Operating income; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; \*Provisional figures

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 16, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based – Overdraft</b>	Long-term	16.00	[ICRA]BB (Stable)	-	-	-	-	-	-
<b>Non-fund based – Bank guarantee</b>	Long-term/ short-term	104.00	[ICRA]BB (Stable)/[ICRA]A4+	-	-	-	-	-	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI

4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Overdraft	Simple
Long-term/short-term – Non-fund based – Bank guarantee	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

## Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based – Overdraft	NA	NA	NA	16.00	[ICRA]BB (Stable)
NA	Non-fund based – Bank guarantee	NA	NA	NA	104.00	[ICRA]BB (Stable)/ [ICRA]A4+

Source: Company, ICRA Research

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure III: List of entities considered for consolidated analysis – Not applicable

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