

## ROADRIDGE DEVELOPERS PRIVATE LIMITED

April 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	38.00	CARE BB; Stable / CARE A4	Assigned
Short Term Bank Facilities	2.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Roadridge Developers Private Limited (RDPL) takes into consideration moderate scale of operations, highly competitive industry with business risk associated with tender-based orders, volatility associated with fluctuations in input prices and absence of price escalation clause, moderate order book position, geographic concentration risk and working capital intensive nature of operations.

The rating however derives strength from experienced promoters, satisfactory profitability margins, satisfactory capital structure and debt coverage indicators and reputed clientele.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in scale of operations of over Rs.100 crores on a sustained basis, backed by new orders and timely execution
- Sustenance of PBIDT margins at current levels

#### Negative factors

- Inability to achieve total operating income of Rs. 60 crores and decline in PBILDT below 15% on sustained basis

### Analytical approach: Combined

CARE has combined the business and financial risk profiles of Roadridge Developers Private Limited (RDPL) and Sunshine Overseas Private Limited (SOPL). The above companies operate in same line of business under common management, operational linkages, and exhibit cash flow fungibility. The list of entities combined, and extent of consolidation is given in **Annexure-6**.

### Outlook: Stable

CARE Ratings believes the group is likely to maintain its scale of operations and operating margins with execution of orders in hand while improving its capital structure in the medium-to-long term.

### Detailed description of key rating drivers:

#### Key weaknesses

**Moderate scale of operations albeit satisfactory profitability margins:** The group is a small player in the construction business. Income from operations have grown at a CAGR of 48.2% between FY22 and FY24 to Rs.98.9 crore driven by increased pace of execution of orders in hand. PBIDT margin has improved from 17.37% in FY22 to 22.04% in FY24 due to higher order execution. In line with PBIDT margin, PAT margin of the company has improved from 12.18% in FY22 to 15.98% in FY24. Till March 26, 2025, the group has achieved TOI of Rs.80 crore. The small size restricts the financial flexibility of the company in times of stress and deprives it from benefits of economies of scale.

**Highly competitive industry with business risk associated with tender-based orders:** The group operates in a highly competitive construction industry, facing direct competition from both organized and unorganized players due to low entry barriers. Numerous small and regional players serve the same market, limiting the entity's bargaining power and putting pressure on its margins. Additionally, the entity receives the majority of its work orders from government departments. This creates a risk, as any changes in the geopolitical environment and policy matters could impact all projects significantly. Furthermore, changes in government policy or spending on projects are likely to affect the entity's revenues. The entity primarily undertakes government projects awarded through a tender-based system, exposing it to risks associated with intense competition. The business's growth depends on its ability to successfully bid for 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 entity are bitumen, cement, bricks, sand etc., the prices of which are volatile in nature. This apart, any increase

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

in labour cost will also impact the profitability being present in a highly labour-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 the profitability of the entity.

**Moderate order book position:** The group had 2 large ongoing orders (order size above Rs.100 crore) from NHIDCL in Manipur which are in final stages of execution and expected to be completed in March 2025. Unexecuted order book as on Feb 28, 2025 stood at Rs.79.3 crore comprising 0.89x of TOI of FY24. The group has bid for new orders of Rs.2076 crore and expects to receive around Rs.500 crore worth of orders. The group has focused on states like Sikkim, Uttarakhand, and Arunachal Pradesh for bidding for new orders and has avoided bidding for new orders in Manipur due to disturbances.

**Geographic concentration risk albeit reputed clientele:** All current outstanding orders pertain to road & bridge construction from reputed clientele like NHIDCL, BRO, PWD departments of state governments of North East India which indicates geographic concentration risk.

**Working capital intensive nature of operations:** Since the work executed by the company is tender based, the operations are mostly working capital intensive in nature. The company has to give 3% performance BG while retention money deduction is 5% from each bill. The operating cycle of the company stood at 22 days in FY24 from negative 15 days in FY23 mainly due to reduction in creditors period from 114 days in FY23 to 67 days in FY24 despite improvement in collection period (including retention money) to 37 days in FY24 as compared to 65 days in FY23.

The O/s debtors (incl retention money) remained stable from Rs. 10.06 crore as on March 31, 2023 to Rs. 8.36 crore as on Mar 31, 2024 and increased to Rs.17.74 crore as on Feb 28, 2025. The increase in debtor balance is primarily due to buildup in retention money.

## Key strengths

**Experienced Promoters:** The group is promoted by Mr.Sanjay Chokhani and Mr. Manohar Chokhani who have around three decades of experience in the field of construction and maintenance of roads & bridges, canals, dams etc.

**Satisfactory capital structure and debt coverage indicators:** On a combined basis, the capital structure remained satisfactory marked by overall gearing of 0.34x as on March 31, 2024, as against 0.14x as on March 31, 2023 on account of higher equipment loan availed and higher utilization of working capital facility. As on Mar 31, 2024, overdue retention money stood at Rs.4.78 crore in RDPL. This pertains to PWD Nagaland which got completed in 2021 and became due in 2022. Currently, the group has filed arbitration proceedings for recovering the same. After adjusting for retention money which is overdue and under arbitration, adjusted gearing stands at 0.37x as on Mar 31, 2024.

## Liquidity: Adequate

Liquidity is adequate characterized by gross cash accruals of Rs.19.45 crore vis-à-vis debt repayment obligations of Rs.1.15 crore in FY24 and Rs.7.84 crore in FY25. Average utilization of fund and non fund based limits stood between 65-70%.

## Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Consolidation & Combined Approach](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Roadridge Developers Private Limited (RDPL) was incorporated in 2008 by Mr.Sanjay Chokhani and Mr. Manohar Chokhani and is based out of Guwahati, Assam. The company is engaged in construction and maintenance of roads & bridges, canals, dams etc. RDPL generally bags contract through participation in tenders and operates in North Eastern states like Mizoram, Manipur, Nagaland & Sikkim. Further, the company is registered as a Class 1A contractor with Public Works Department (PWD) of those states. The promoters have experience of around 3 decades in construction business.

Sunshine Overseas Pvt Ltd was Incorporated in 1995 by Mr.Sanjay Chokhani and Mr. Manohar Chokhani and is based out of Guwahati, Assam. The company is engaged in construction and maintenance of roads & bridges, canals, dams etc.

Brief Financials (₹ crore) (Combined)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	65.55	98.93
PBILDT	18.99	21.81
PAT	13.93	15.81
Overall gearing (times)	0.14	0.34
Interest coverage (times)	16.11	12.72

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

Brief Financials (₹ crore) (Standalone)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	30.23	67.33
PBILDT	9.59	14.21
PAT	7.30	11.11
Overall gearing (times)	0.04	0.37
Interest coverage (times)	33.34	15.84

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

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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 - ST-Bank Overdraft		-	-	-	2.00	CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	38.00	CARE BB; Stable / CARE A4

**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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	38.00	CARE BB; Stable / CARE A4	-	-	-	-
2	Fund-based - ST-Bank Overdraft	ST	2.00	CARE A4	-	-	-	-

LT: Long term; ST: Short 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 - ST-Bank Overdraft	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

The entities have been combined as follows:

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Roadridge Developers Private Limited	Full	Operating and financial linkages
2	Sunshine Overseas Private Limited	Full	Operating and financial linkages

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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