

Raj Conbuild Limited

September 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	5.00	CARE BB+; Stable / CARE A4+	Reaffirmed
Short-term bank facilities	60.00	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Raj Conbuild Limited (RCL) continues to remain constrained by its modest scale of operations, low profitability margins, and elongated operating cycle of the company. RCL's scale declined to ₹90.30 crore in FY25 (Prov.; FY refers to April 1 to March 31; based on provisional results) against ₹98.40 crore in FY24, due to general and state elections in FY25. Ratings continue to remain constrained by project execution risk inherent in infrastructure projects and its presence in a highly competitive industry with presence of several unorganised players and risks associated with tender-based orders.

However, ratings continue to draw comfort from experienced promoters and long track record of operations. Also, the promoter's infused equity in FY25, strengthened RCL's liquidity position, resulting in a comfortable capital structure and moderate debt coverage indicators. RCL has a moderate order book position equivalent to ~1.43x of total operating income (TOI) achieved in FY25.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations as marked by total operating income of above ₹150.00 crore by timely execution of orders in hand on a sustained basis and improvement in the order book position to more than 2.00x of previous year turnover.
- Improvement in profitability margins as marked by PBILDT margin above 9.00% with adequate liquidity position on a sustained basis.

Negative factors

- Decline in profitability margins as marked by PBILDT margin of below 4.50%, impacting liquidity position on a sustained basis.
- Any significant deterioration in the capital structure of the company as marked by overall gearing ratio of above 1.25x.
- Elongation in the operating cycle of the company beyond 100 days on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') opinion that the entity will continue to benefit from the experienced promoters and its established track record of operations in construction industry and shall sustain its moderate financial risk profile over near-to-medium term.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations: RCL's scale of operations continues to remain modest where the company has reported TOI of ₹90.30 crore in FY25 (prov.) against ₹98.40 crore in FY24. The slight decline in TOI in FY25 was primarily due to slow execution pace of ongoing projects and non-floating of new tenders by the government departments in the first half of FY25, largely attributed to the general and state elections. The company has achieved TOI of ~₹15.00 crore in 4MFY26 (refers to April 1, 2025 to July 31, 2025; based on provisional results). In first half of the financial year, the turnover remains on a lower side ~30%-40% of full year TOI. The company is aggressively bidding in Bihar projects (currently bid for ~₹300-400 crore projects) to increase the scale in medium term.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Low profitability margins: The company primarily undertakes government projects awarded through a tender-based system. RCL's profit margins have remained low in the last three financial years (FY23–FY25), mainly due to the absence of escalation clause in majority projects. However, PBILDT margin of the company improved to 7.60% in FY25 against 6.72% in FY24, owing to majority unexecuted contracts being in the advanced stage of its execution. Profit after tax (PAT) margin also improved and stood at 4.45% in FY25.

Elongated operating cycle: The company's operating cycle stood elongated at 108 days as on March 31, 2025 (PY: 53 days), primarily considering high year end receivables due to major billing in March 2025, ~44% of TOI in FY25, resulting in elongated receivables at year end, ₹25.00 crore in comparison to average receivables of ~₹12-15 crore during rest of the year. There has also been significant increase in the form of retention money (ranging from 5% to 10% of bill amount raised) being held by the respective departments, due to high proportion of execution of contracts at later stage, which are sometimes refunded after submission of bank guarantee or after defect liability period of one year. Thus, the average collection period stood at 109 days for FY25 (PY: 54 days). The inventory at different sites remains at moderate level, resulting in an average inventory holding period of 8 days for FY25. The company receives an average credit period of ~1-2 months from its suppliers.

Project execution risk inherent in various infrastructure projects: Given the nature of projects awarded, RCL is exposed to inherent risk in terms of delays in certain projects undertaken by the company due to delay in approvals and sanction from regulatory bodies such as design and structure clearance, land acquisition issues, among others, thus exposing RCL towards the risk of delay in projects, resulting in delay in the realisation of revenue. The company's ability to execute projects in a timely manner would depend on its operational efficiency and the timely receipt of stage payments received from clients, which is also crucial from a credit perspective. Majority order book is concentrated to Delhi Jal Board (DJB) with overall unexecuted portion of 60.62% as on June 30, 2025.

Highly competitive nature of industry: RCL operates in a highly competitive construction industry where it faces direct competition from organised and unorganised players in the market, given the low barriers to entry and aggressive bidding by the players. The growth of the RCL's business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. RCL receives majority work orders from government/ public sector undertakings. The risk arises from the fact that changes in geo-political environment and policy matters would affect all projects at large. Changes in the government policy or government spending on projects are likely to affect the revenues and profits of the company. This was also evident in FY25 when DJB placed the majority of its L1 orders on hold after a change in the government.

Key strengths

Experienced promoters and long track record of operations: RCL's operations are currently being managed by Rajiv Chaudhary and Anchal Chaudhary, having considerable experience varied up to two decades in executing water supply contracts through their association with this entity. RCL is also supported by a team of qualified engineers, supervisory staff, and technicians to work on sites having relevant experience in their respective fields. The company has a considerable track record in this business, which has given it an understanding of the market dynamics and enabled them to establish long-term relationships with suppliers and customers.

Comfortable capital structure and moderate debt coverage indicators: The promoters have infused funds in the form of share capital of ₹5.51 crore and share premium of ₹8.27 crore in FY25, which lead to an improvement in the company's capital structure as marked by overall gearing ratio which stood at 0.29x as on March 31, 2025 against 0.58x as on March 31, 2024. Considering limited fund-based debt level, debt coverage indicators of the company continue to remain moderate as marked by interest coverage ratio and total debt to gross cash accruals (GCA) which stood at 4.50x and 2.57x, respectively, for FY25 (prov.).

Moderate order book position despite slow pace of execution: RCL has an unexecuted order book position of ~₹129.00 crore as on June 30, 2025, which is equivalent to ~1.43x of the TOI achieved in FY25. The progress of certain orders remains slow, owing to issues such as delay in civil work, land acquisition issues, land rehabilitation issue, environmental clearances, design and structure clearances, and delay in the handover of the site from the respective departments, among others. Project execution within stipulated timelines is often disrupted by extreme climatic conditions, political turmoil and elections in the respective states. Thus, timely completion of slow-moving orders without cost overrun and execution pace of new orders received in 2024 will be key rating sensitivities. CareEdge ratings notes that the company is aggressively bidding in Bihar projects (currently bid for ~₹300- 400 crore projects) to increase the scale in medium term.

Liquidity: Adequate

The liquidity position of the company is adequate characterised by sufficient cushion in accruals against repayment obligations. The company is expected to generate envisage GCA of ₹4.22 crore in FY26 against scheduled repayment obligations of ₹0.36 crore in the same year. The average utilisation of its fund-based limits stood ~70% and non-fund-based limits stood ~50% for last 12 months period ending as of July 2025. Additionally, RCL's liquidity profile is also supported by free cash and bank balances which stood at ₹3.63 crore as on March 31, 2025, considering timely realisation from its customers and no major new orders awarded in the last few months. Promoters are supporting the liquidity position of RCL through interest free unsecured loans of ₹4.70 crore and infused equity of ₹13.79 crore in FY25. Also, the company does not have major debt-funded capex plan in the near term.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Delhi based RCL was incorporated in October 2008 and is currently managed by Rajiv Chaudhary and Anchal Chaudhary. The company undertakes civil construction contracts for setting up of drinking water supply systems, laying of water supply distribution networks and pipes, and sewage treatment plants (STP) on turnkey basis (design, construction, supply, installation, testing, and commissioning) and its development, operation and maintenance related works mainly for government departments/public sector undertakings, such as Delhi Jal Board (Delhi), Public Health Engineering Department (Bihar), Public Health Engineering Department (Assam), Drinking Water and Sanitation Department (DWSD) (Jharkhand), among others. To get business, the company has to participate in tenders floated by government and its agencies.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)	4MFY26 (Prov.)*
Total operating income	98.40	90.30	15.00
PBILDT	6.61	6.86	NA
PAT	3.43	4.02	NA
Overall gearing (times)	0.58	0.29	NA
Interest coverage (times)	4.61	4.50	NA

A: Audited; Prov.: Provisional; NA: Not Available; Note: these are latest available financial results

*refers to April 1, 2025 to July 31, 2025.

Status of non-cooperation with previous CRA: CRISIL Ratings has continued to place ratings assigned to bank facilities of RCL to the "Issuer Not-Cooperating" category vide its press release dated January 08, 2025, considering its inability to carryout review in the absence of requisite information from the company.

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 - LT/ ST-Bank Overdraft	-	-	-	-	2.90	CARE BB+; Stable / CARE A4+
Fund-based/Non-fund-based-LT/ST	-	-	-	-	2.10	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee	-	-	-	-	60.00	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	Fund-based - LT/ ST-Bank Overdraft	LT/ST	2.90	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (07-Aug-24)	1)CARE BB; Stable / CARE A4 (21-Jul-23)	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (16-Dec-22)
2	Non-fund-based - ST-Bank Guarantee	ST	60.00	CARE A4+	-	1)CARE A4+ (07-Aug-24)	1)CARE A4 (21-Jul-23)	1)CARE A4; ISSUER NOT COOPERATING* (16-Dec-22)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	2.10	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (07-Aug-24)	1)CARE BB; Stable / CARE A4 (21-Jul-23)	1)CARE B; Stable / CARE A4; ISSUER NOT COOPERATING* (16-Dec-22)

*Issuer did not cooperate; based on best available information.

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 - LT/ ST-Bank Overdraft	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

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

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