

Raj Construction

September 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	34.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Raj Construction (RC) to monitor the rating vide e-mail communications dated July 23, 2025, July 29, 2025, September 11, 2025, September 17, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited (CareEdge Ratings)'s opinion is not sufficient to arrive at a fair rating. Further, RC has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on RC's bank facilities will now be denoted as **'CARE BB; Stable; ISSUER NOT COOPERATING/ CARE A4; ISSUER NOT COOPERATING'**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Raj Construction (RC) remained constrained on account of its highly competitive industry with dependence on government for work orders, exposure to raw material price fluctuation risk, modest scale of operation with moderate profitability, partnership nature of constitution with inherent risk of withdrawal of capital and stretched liquidity.

The ratings, however, derives strength account average financial risk profile, experienced management.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on August 27, 2024 the following were the rating strengths and weaknesses (updated from the information available from client)

Key weaknesses

Highly competitive industry with dependence on government for work orders

Raj Construction operates in a highly competitive construction industry wherein it faces direct competition from various market players given the low barriers to entry. The firm is dependent on contracts from PWD departments, which often leads to project delays due to compliance requirements. Additionally, public agencies face budget constraints that can delay fund disbursement. Changes in administration and project specifications further disrupt project continuity due to standardized procedures and stringent regulations. The firm has an unexecuted order book of Rs. 204.51 crore which is ~1.99x of the total operating income for FY25 (refers to period April 1 to March 31).

Exposure to raw material price fluctuation risk

The firm's raw materials, including steel and cement sourced from local vendors, are subject to price volatility, which can adversely impact profitability. This risk is exacerbated by the absence of a price escalation clause, meaning the firm cannot adjust its prices in response to rising input costs. Consequently, any fluctuations in raw material prices could lead to increased expenses without corresponding revenue adjustments, thereby affecting the firm's financial stability and profitability.

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

Modest scale of operation with moderate profitability

The firm is a small regional player in the highly competitive industry with modest scale of operations, primarily focusing on executing the balance work contracts. However, the ability of the firm to scale up to larger-sized contracts having better operating margins is constrained by its comparatively low capital base of Rs. 28.09 crores as on March 31, 2025. Also, the modest scale of operations limits the pricing power and restricts the firm from benefiting through economies of scale. Firm's scale of operations increased yet continued to remain modest marked by total operating income of Rs. 102.52 crore in FY25 (Prov.) compared to Rs. 62.54 crore during FY24.

Profitability of firm moderated during FY25 (Prov.) due to increase in material cost but remained moderate at 7.15% during FY25 (Prov.) (P.Y. 8.31%). Further, with a stable finance and depreciation costs, the PAT margin also remained moderate to 3.55% in FY25 (Prov.) compared to 3.66% in FY24. However, in absolute terms profitability increased due to increase in scale of operations and was modest as marked by PBILDT and PAT of Rs.7.33 crore (Rs.5.20 crore in FY24) and Rs.3.64 crore (Rs.2.29 crore in FY24) respectively in FY25 (Prov.).

Partnership nature of constitution with inherent risk of withdrawal of capital

Raj Construction operates as a partnership firm, which inherently carries the risk of capital withdrawal by partners during personal contingencies, potentially eroding the capital base and adversely affecting the capital structure. Partners withdrew capital worth Rs. 0.47 crore during FY25 (Prov.) compared to Rs. 1.39 crore during FY24.

Key strengths

Average financial risk profile

Despite the increase in overall debt, capital structure of the firm continued to remain comfortable owing to the accretion of profits to reserves. Thus, overall gearing stood at 0.86 times as on March 31, 2025 compared to as 0.74 times as on March 31, 2024.

Further, with an increase in operating profitability in absolute terms, debt coverage indicators improved as marked by interest coverage ratio of 7.12x during FY25(Prov) (PY: 5.38). Additionally, the firm's TD/GCA ratio remained moderate at 5.42 years as on March 31, 2025 (Prov.) compared to 5.70 years as on March 31, 2024.

Experienced Management

Raj Construction is managed by two partners, Mrs. Rekha Singh and Mrs. Mamta Singh, who bring nearly a decade of experience. The management has built long-term relationships with suppliers and customers. The firm boasts a strong, experienced team of engineers and support personnel, including technicians and skilled workers, capable of planning, designing, supervising, and constructing to meet clients' needs.

Liquidity: Stretched

The firm's liquidity position remained stretched with a cash and bank balance of Rs. 38.95 crores as of March 31, 2025 (Prov). The current and quick ratios was modest to 1.49x and 1.30x, respectively for FY25 (Prov). Also, the working capital utilization remains close to 75% due to the capital-intensive nature of operations.

Applicable Criteria

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Established in April 2010, Raj Construction is a partnership firm engaged in civil infrastructure projects, with its registered office in Sultanpur, Uttar Pradesh. The firm is being promoted by Mrs. Rekha Singh and Mrs. Mamta Singh, each holding an equal

stake in the firm. The firm is majorly in road project as a contractor and sub-contractor having expertise in the field of different works like Building and Bridge Construction.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	62.54	102.52
PBILDT	5.20	7.33
PAT	2.29	3.64
Overall gearing (times)	0.74	0.86
Interest coverage (times)	5.38	7.12

A: Audited; Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL has continued the rating assigned to the bank facilities of RC into Issuer Not Cooperating category vide press release dated March 07, 2025 on account of its inability to carry out a review in the absence of requisite information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-Term Loan		-	-	January 2031	2.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST		-	-	-	34.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*

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

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/Non-fund-based-LT/ST	LT/ST	34.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable / CARE A4 (27-Aug-24)	-	-
2	Fund-based - LT-Term Loan	LT	2.00	CARE BB; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (27-Aug-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long 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-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	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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About us:

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