

Royal Deep Construction Private limited (Revised)

December 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	35.00	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Royal Deep Construction Private Limited (RDCPL) are constrained due to the modest scale of operations of the company and concentrated customer base. Further, ratings also take into consideration the company's presence in a fragmented industry and susceptibility to fluctuation in raw material prices. However, ratings derive strength from an average financial risk profile marked by overall gearing below unity. Further, ratings draw comfort from modest order book position providing near-term revenue visibility, experienced promoters with an established track record of operations and a reputed clientele base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations as marked by total operating income (TOI) of over ₹200 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 11% on a sustained basis.
- Improvement in capital structure as marked by overall gearing below 0.50x on a sustained basis.

Negative factors

- Lower than expected TOI with PBILDT margin below 10% on sustained basis
- Sustained deterioration in the capital structure of the company as marked by overall gearing above 1.50x.
- Elongation in GCA (Gross Current Asset) days more than 200 days on sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will maintain a stable scale of operations and steady profitability margins supported by experienced promoters with a long track record of operations.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operations

The TOI of the company grew at a compounded annual growth rate (CAGR) of 35.59% in the last five years ended FY25 (FY refers to April 01 to March 31), however remains modest at ₹79.18 crore. The profitability margins of the company remain moderate as marked by PBILDT margin of 11.16% and profit after tax (PAT) margin of 5.46%. The improvement in operational performance is supported by expansion into new areas and higher order execution. Further, the company booked revenue of ₹86.24 crore in 7MFY26 (refers to April 01 to October 31). The company's ability to scale up the operations will remain a key monitorable.

Customer concentration risk

The company's current order book is largely concentrated towards government authorities such as National Highways Authority of India (NHAI), Border Roads Organisation (BRO), and various state Public Works Department (PWDs), particularly in Punjab. While these are reputed clients and provide revenue stability, the high dependence on a limited set of government bodies exposes the company to customer concentration risk. Any delay in tendering, cancellation of awarded projects, or changes in government policies could significantly impact revenue visibility. The ability of the company to secure repeat orders from these reputed customers and diversify its clientele beyond these entities would remain a key monitorable.

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

Inherent risk associated with civil construction business and tender driven nature of operations

Risks arise from changes in the geo-political environment and policy matters, which can impact projects at large. Furthermore, changes in government policy or spending on projects are likely to affect revenue visibility. Inherent risks include delays in projects due to land acquisition issues, regulatory clearances, aggressive bidding, interest rate risk, and environmental clearance delays, which affect the credit profile of industry players. These factors can delay project commencement and completion, resulting in longer gestation periods.

Susceptibility of profit margins due to volatile material prices

Raw material is a major cost driver, and its price volatility exposes the cost base to adverse fluctuations in cement, sand, metal plates, and pipes, which are key cost components. Accordingly, profit margins remain susceptible to raw material price fluctuations. With limited ability to pass on increased raw material costs in a competitive operating environment, any substantial rise in these costs will impact profitability. However, all contracts in the order book of RDCPL include a built-in price escalation clause, which provides partial protection against risks arising from adverse price movements of major inputs such as raw materials.

Key strengths**Moderate order book providing near-to-medium-term revenue visibility**

The unexecuted order book position of RDCPL stood at ₹294.48 crore as of November 15, 2025, which is 3.72x of TOI for FY25. Further, the order book of ₹49.34 crore for road work is yet to be received. The company has also bid for projects worth ₹1,047 crore. The total work orders comprise government entities, providing low counterparty risk. Continued addition of new work orders and regular cash flows from operations are important from a credit perspective.

Average Financial risk profile

The entity's capital structure remains moderate, with overall gearing at 0.93x as of March 31, 2025 (1.22x in FY24) due to lower debt and subordination of unsecured loans from promoters and related parties amounting to ₹9.34 crore.

Debt coverage indicators improved marginally on account of better profitability. PBILDT interest coverage improved to 2.99x in FY25 (2.31x in FY24), while total debt/gross cash accruals (TD/GCA) improved to 3.19x from 4.66x.

Going forward, the capital structure is expected to moderate slightly due to incremental working capital requirements to support the growth in scale of operations of the company.

Experienced promoters with established track record of operations and reputed clientele

The company is promoted by Jaswinder Singh and Gurdeep Singh Dhillon. With over two decades of proven expertise, the promoters have a strong track record in executing engineering, procurement, and construction (EPC) contracts and managing operation and maintenance (O&M) for road infrastructure projects. Additionally, the company handles toll collection across various stretches under the NHAI. A substantial share of its EPC order book comprises projects awarded by prominent government bodies, including the BRO, NHAI, PWD, and multiple state PWDs, particularly in Punjab. RDCPL undertakes various types of construction work through the tender bidding process.

Liquidity: Stretched

The company's liquidity position is stretched, marked by tight cash accruals against scheduled debt obligations. The company is projecting GCA of ~₹8-₹9 crore against debt repayment obligations of ~₹6 crore in FY26. During FY25, the company reported negative operating cash flow (CFO) of ₹0.30 crore. The operating cycle remains working capital intensive, marked by gross current asset (GCA) days of 142 in FY25 resulting into working capital utilisation of 75-90% in the 12-month period ended October 2025. However, the company had cash and bank balance of ₹3.87 crore as on March 31, 2025.

Going forward, any capital expenditure on machineries to execute orders in hand may further strain the company's liquidity position.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

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

Bathinda, Punjab-based RDCPL was established in 2007 as a partnership firm by Jaswinder Singh and later converted into a Private Limited company in 2013. The company engages in highway expansions, toll plaza operations, road safety enhancements, and urban development works primarily in Punjab, Himachal Pradesh, Uttar Pradesh, and Rajasthan. The company is registered with multiple government bodies as an "A" class contractor, including Punjab PWD (Buildings and Roads), CPWD, NHAI (rated CARE AAA: Stable), and Border Roads Organisation (BRO).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	7MFY26 (UA)
Total operating income	59.01	79.18	86.24
PBILDT	4.70	8.84	-
PAT	2.77	4.32	4.32
Overall gearing (times)	1.22	0.93	-
Interest coverage (times)	2.31	2.99	-

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST	-	-	-	-	35.00	CARE BB+; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Type	Current Ratings		Rating History			
			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	35.00	CARE BB+; Stable / CARE A4+	-	-	-	-

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/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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Puneet Kansal Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: puneet.kansal@careedge.in</p> <p>Rajan Sukhija Associate Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Rajan.Sukhija@careedge.in</p> <p>Kritika Goyal Analyst CARE Ratings Limited E-mail: kritika.goyal@careedge.in</p>
--	---

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

For detailed Rating Report and subscription information, please visit www.careratings.com