

## Raghuram Hume Pipes Private limited

January 16, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	23.15	CARE B+; Stable	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed
Short Term Bank Facilities	15.40	CARE A4	Rating removed from ISSUER NOT COOPERATING category and Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) had earlier placed the ratings of the bank facilities of Raghuram Hume Pipes Private Limited under Issuer Not Cooperating (INC) as the company had not paid the surveillance fees. The company has subsequently paid fees for carrying out a review of the ratings and accordingly the rating has been removed from INC.

The reaffirmation in the ratings assigned to the bank facilities of Raghuram Hume Pipes Private Limited (RHPPL) continue to remain constrained by small scale of operations with scale remaining lower than Rs.50 crore, working capital intensive nature of operations on the back continued high level of receivables, leveraged capital structure, tender based nature of business, and presence in a highly competitive and fragmented industry. The ratings are, however, underpinned by vast experience and established presence of the promoters in the industry, moderate orderbook position, albeit delays in execution of orders, satisfactory profitability, and stable industry outlook.

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

#### Positive factors

- Improvement of gearing to below 1.5x.
- Significant shortening of collection period resulting in improvement in operating cycle and cash flows.

#### Negative factors

- Any significant decline in revenue and profits, going forward.
- The working capital cycle elongating beyond 260 days thereby impacting the liquidity position of the company.

**Analytical approach:** Standalone

#### Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that the entity will continue to benefit from the extensive experience of the promoters in the industry.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate interest coverage and weak debt coverage indicators

The company's overall gearing remains leveraged, standing at 1.66x as on March 31, 2025, primarily due to working capital intensive nature of the business. The total outside liabilities to net worth stood high at 2.85x as on March, 31, 2025 (2.71x as on March, 31, 2024). Debt coverage indicators also stand moderate, with the interest coverage ratio at 1.36x in FY25, improving marginally from 1.30x in FY24. Furthermore, the Total debt to gross cash accruals ratio remain weak at 25.82x in FY25, led by higher debt level and thin PAT levels marked by higher interest expense.

#### Small scale of operations

Raghuram Humes Pipes was incorporated in 1999, and its scale of operations has remained below ₹50 crore for the past five years. The company continues to operate on a small scale, reporting revenues of ₹48.12 crore in FY25. Despite long presence in

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

the industry the company remains a small sized entity with a net worth base at ₹20.65 crore. Ability of the company to improve its scale remains a key monitorable.

### **Working capital intensive nature of operations**

The company primarily operates in the construction industry, which is inherently capital-intensive due to an extended collection period, as most of its orders are from the government. The operating cycle of the company improved but remained elongated at 256 days in FY25 (PY: 349 days). This was due to high inventory and collection periods of 165 days and 240 days in FY25, respectively, compared to 212 days and 322 days in FY24, although witnessed an improvement. The higher collection days is mainly due to slower receipt form its end customers namely the government departments. Nevertheless, the company is strengthening its business by diversifying its operations and focusing on other states as well.

### **Tender based nature of operations and operating in highly fragmented industry**

The company receives 100% of its work orders from government organizations. All of these orders are tender-based, and the company's revenues depend on its ability to successfully bid for these tenders. Profitability margins are under pressure due to the competitive nature of the industry. However, the company's ability to secure repeat orders from existing clients, based on its past track record, partially mitigates this risk. Nevertheless, numerous fragmented and unorganized players operate in this segment, making the construction space highly competitive.

### **Key strengths**

#### **Experienced promoters and long track record of operations**

The company has nearly two decades of experience in the construction industry, primarily through the execution of projects awarded by government organizations. It was jointly founded by Mr. V. Rama Rao and Mr. V. Lakshmana Rao, the Managing Director of RHPPL. The promoters bring over 25 years of experience in contract work related to drinking water and irrigation. Mr. V. Rama Rao specializes in executing filtration plants, sewage treatment plants, and gallery works. He plays a crucial role in securing work orders and various projects for the company and is instrumental in introducing the company to new clients and competitors in the field. Additionally, Mr. V. Lakshmana Rao has extensive experience in the manufacturing of prestressed concrete (PSC) pipes. On Account of promoters' long-standing experience, they have established strong relationships with the irrigation and water departments of the government, which has facilitated business development and the acquisition of new orders. The promoters are resourceful and have been infusing funds in the form of unsecured loans to support the operations. As on March 31, 2025, the promoters infused a total of ₹11.11 crore as unsecured loans.

#### **Moderate orderbook position; albeit with delays in execution in the past**

The company has an outstanding order book valued at Rs. 246.01 crore as of September 04, 2025. This order book offers revenue visibility over the medium term, forming around 5.10 times the revenue of FY25. However, while the overall order books is satisfactory the majority of the orders are pending orders and very few new orders have been received by the company in current year. Nearly all orders are executed by the company with limited reliance on subcontracting. The order book includes contracts from government entities such as APSIDC Kadapa, APSIDC Guntur, APSIDC Vishakhapatnam, TSIDC Hyderabad, and PWD-Ladakh, among others. Although, the orderbook to sales remain strong, however, large part of the orders pertains to orders issued as old as 2017-2018, hence, timely execution of orders by the company and timely receipt of payments from the counterparty remain key monitorable.

#### **Stable profitability margins**

The company generates the majority of its revenue from the execution of works contracts, with a smaller portion coming from the sale of its manufactured PSC and other pipes. The pipes produced are primarily intended for internal use. The company's profitability has remained stable in absolute terms, increasing from ₹5.76 crore in FY24 to ₹6.10 crore in FY25, although profit margins have declined. The company is actively working to improve margins by producing its own PSC pipes. Furthermore, nearly all contracts include escalation clauses related to cement and steel prices, which provide some protection against price increases for these materials. The company's PBILDT margins have been constrained by higher purchases made during the year and rising construction work costs. Additionally, the PBILDT margin for FY25 was 12.68%, down from 17.55% in FY24. The PAT margin in FY25 showed an improvement to 2.53%, compared to 2.40% in FY24, however, continue to remain healthy.

#### **Stable industry outlook**

The Indian construction market is estimated to be around USD 0.7-0.8 trillion in FY 2025, and is forecast to grow steadily over the next several years, possibly reaching around USD 1.0-1.1 trillion by 2030, with a CAGR in the range of ~6-9% from 2025 to 2030. The National Infrastructure Pipeline (NIP) has earmarked about USD 1.4 trillion in infrastructure investment for FY 2020-

25, including sectors such as energy, roads, urban development, and railways. The industry is being driven by government initiatives for infrastructure expansion, urbanization, metro/rail growth, affordable housing, and increasing focus on sustainability and “smart” infrastructure (e.g. green buildings, digital/connected infrastructure). However, regulatory delays, land acquisition issues, and bureaucratic inefficiencies remain considerable challenges. At the same time, digital technologies including BIM, AI, IoT are increasingly being integrated into construction projects, enhancing design and collaboration and offering operational efficiencies.

**Liquidity:** Stretched

Liquidity remains stretched, marked by elevated working capital requirements and modest cash accruals and near full utilization of working capital limits. Gross cash accruals stood at ₹1.57 crore in FY25 against ongoing debt servicing obligations. However, the company has a free cash and bank balance of Rs. 9.92 crore as of March 31, 2025. Also, the promoters are resourceful and may infuse need based funds in the business.

**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](#)

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[Short Term Instruments](#)

**About the company and industry**

**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Raghuram Hume Pipes Private Limited (RHPPL), based in Andhra Pradesh, was incorporated in 1999 by Mr. Lakshmana Rao and Mr. M. Venkateswara Rao. The company is a special class contractor registered in the civil contract category for water supply, irrigation, drinking water projects, and road projects in Andhra Pradesh and Telangana. Additionally, RHPPL is subcontracted for specialized works, including galleries, infiltration wells, connecting mains, collection well cum pump houses, and gallery mains. The company is certified ISO 9001:2008 for the manufacturing of Prestressed Concrete pipes (PSC), Mild Steel pipes (MS), Bar Wrapped Steel Cylinder pipes (BWSC), and Reinforced Cement Concrete pipes (RCC), as well as for the execution of water supply schemes.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	32.82	48.12	25.00
PBILDT*	5.76	6.10	-
Profit after tax (PAT)	0.79	1.22	-
Overall gearing (x)	1.86	1.61	-
Interest coverage (x)	1.30	1.43	-

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 - LT-Bank Overdraft		-	-	-	19.00	CARE B+; Stable
Fund-based - LT-Term Loan		-	-	May 2027	4.15	CARE B+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	15.40	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-Term Loan	LT	4.15	CARE B+; Stable	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Nov-25)	1)CARE B+; Stable (27-Aug-24)	1)CARE B+; Stable (13-Jul-23)	1)CARE B+; Stable (06-May-22)
2	Fund-based - LT-Bank Overdraft	LT	19.00	CARE B+; Stable	1)CARE B+; Stable; ISSUER NOT COOPERATING* (11-Nov-25)	1)CARE B+; Stable (27-Aug-24)	1)CARE B+; Stable (13-Jul-23)	1)CARE B+; Stable (06-May-22)
3	Non-fund-based - ST-Bank Guarantee	ST	15.40	CARE A4	1)CARE A4; ISSUER NOT COOPERATING* (11-Nov-25)	1)CARE A4 (27-Aug-24)	1)CARE A4 (13-Jul-23)	1)CARE A4 (06-May-22)

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

LT: Long term; ST: 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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	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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