Press Release

DHARAMRAJ CONTRACTS INDIA PRIVATE LIMITED

June 16, 2025

Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE C | Reaffirmed	-
Bank Loan Ratings	120.00	-	ACUITE A4 | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	145.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of **'ACUITE C' (read as ACUITE C)** and short-term rating of **'ACUITE A4' (read as ACUITE A four)**on Rs. 145.00 Cr. bank facilities of Dharamraj Contracts India Private Limited (DCIPL). The company has provided information, leading to transition from Issuer Not Co-operating (INC since 2024) to a regular issuer.

Rationale for Rating

The rating considers decline in operating performance with decline in revenues and reduced EBITDA and PAT loss for FY24. The liquidity is poor due to delays in servicing debt obligations up to May 2025 as per Credit Information Bureau report. The net cash accruals are insufficient to meet debt repayment obligations and the same are met by infusion of funds from time-to-time. The rating is constrained by the intensive working capital cycle and presence of being in a competitive and fragmented construction industry. The company's financial risk profile is average reflected by steady net worth, moderate gearing and low debt protection metrics.

About the Company

Dharamraj Contracts India Private Limited (DCIPL) was incorporated in 2010 by Mr. Raj Singh and Mr. Chaman Singh, converted from a proprietorship concern. It is a Delhi-based company engaged in construction of roads, bridges, underpasses, hostels, and other projects for government entities. The present directors are Mr. Chaman Singh, Mr. Singhraj Singh and Mrs. Varsha Chaudhary.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of DCIPL to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

DCIPL was incorporated in the year 2010 by Mr. Chaman Singh along with his father Mr. Singh Raj Singh. The promoters of the company have been in this line of business for decades (earlier, promoters were engaged in the same line of business as a sub-contractor through a proprietorship concern till 2010). The company serves the projects mainly in J&K and Uttarakhand followed by Delhi and Himachal Pradesh during FY25. The customers are Ghaziabad Development Authority, Noida Development Authority, Public Works Departments (PWDs) and others.

The extensive experience of the promoters is reflected through the established relationships with the company's customers and suppliers.

Weaknesses

Delays in servicing debt obligations

There are delays in servicing debt obligations up to May 2025 as per Credit Information Bureau report. The net cash accruals are insufficient to meet debt repayment obligations and the same are met by infusion of funds from time-to-time. Acuite believes that the timely payment of the loans will be a key monitorable.

Decrease in scale of operations
DCIPL has achieved revenues of Rs.89.92 crore in FY2024 as compared to revenues of Rs. 158.45 crore in FY2023. The revenue decline attributes to slower order execution due to climatic issues in hilly areas where most projects are located. Further, the company has estimated revenues of Rs.92.64 Cr. in FY25.
The company's projects are majorly based in Jammu & Kashmir and Uttarakhand, thereby implying high geographic concentration. The company's ability to successfully bid for projects in other areas would be a key to expand their base. In J&K, the works have been affected, and sites are closed due to geo-political issue. The value of orders in hand comprises of Rs.438.76 Cr. as of March 2025. The OB/OI is 4.88 times (Rs.438.76Cr./Rs.89.92 Cr.). This provides revenue visibility over the medium term.
The EBITDA margin stood at 12.18 percent in FY24 as against 15.06 percent in FY23. The decrease was due to variable costs are fluctuating which impacted overall profitability due to site expenses. The PAT margin stood at (0.08) percent in FY24 as against 3.62 percent in FY23 due to high interest costs. Acuite expects the scale of operations to moderately improve backed by order book position over the medium term, however timely execution of the same will remain a key monitorable.

Average Financial Risk Profile
The company's financial risk profile is average reflected by steady net worth, moderate gearing and low debt protection metrics. The tangible net worth of the company stood on similar lines at Rs.57.07 crore in FY2024 as against Rs.57.14 crore in FY2023. Gearing of the company stood at 1.30 times in FY2024 as against 1.40 times in FY2023. The interest coverage ratio stood at 1.54 times and Debt Service Coverage Ratio stood at 0.60 times in FY24. Acuite believes that the financial risk profile of the company will remain on similar levels with no major capex plans, steady net worth and moderate capital structure.

Intensive Working capital management
The working capital cycle of the company was intensive marked by Gross Current Assets (GCA) of 423 days in FY24 as against 229 days in FY23. The inventory days stood at 165 days in FY24 and 68 days in FY23. Inventory days were high due to raw materials being stocked and WIP, since work has halted at three sites are currently non-operational. The debtor days stood at 136 days in FY24 as against 78 days in FY23. The creditor days stood at 169 days in FY24 as against 94 days in FY23. Acuite believes that working capital requirements are expected to remain at similar levels over the medium term due to the inherent nature of business.

Competitive and fragmented nature of industry
Most of the projects are tender-based and face intense competition, which may hence require it to bid aggressively to get contracts. Acuite believe that the company is susceptible to volatility in margins due to intense competition in infrastructure industry.

Rating Sensitivities
Timely repayment of debt obligations
Movement in revenues and profitability
Timely execution of the projects

Liquidity Position
Poor

The liquidity is poor because the company has made delays in the past in servicing the debt obligations as reflected from the Credit Information Report. the net cash accruals stood low at Rs.4.89 crore in FY24 as against a long-term debt repayment of Rs. 14.01 crore over the same period. The unsecured loans stood at Rs.8.29 Cr. in FY24 as against 5.26 Cr. in FY23. The promoters have the financial flexibility to infuse funds as and when needed. The current ratio stood at 1.71 times in FY24 and 1.01 times in FY23. The cash and bank balances stood at Rs.0.84 Cr. in FY24 and Rs.1.07 crore in FY23. Additionally, the fund-based limit was utilized at 99 per cent, BG limit was utilized at 79% and LC limit was utilized at 83% for the seven months ended April 2025. However, the company has intensive working capital management as reflected by Gross Current Assets (GCA) of 423 days in FY24 as against 229 days in FY23. Acuite expects that the company will maintain liquidity position at similar levels due to expected low net cash accruals against debt repayments, high bank limit utilization albeit flexibility to infuse funds and no major capex plans.

Outlook: Not Applicable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	89.92	158.45
PAT	Rs. Cr.	(0.07)	5.74
PAT Margin	(%)	(0.08)	3.62
Total Debt/Tangible Net Worth	Times	1.30	1.40
PBDIT/Interest	Times	1.54	2.08

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

• Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
• Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Sep 2024	Bank Guarantee (BLR)	Short Term	71.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	34.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A3)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	19.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- | Stable)
	Cash Credit	Long Term	5.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- | Stable)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE C (Downgraded & Issuer not co-operating* from ACUITE BBB- | Stable)
08 Sep 2023	Bank Guarantee (BLR)	Short Term	71.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	34.00	ACUITE A3 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	19.00	ACUITE BBB- | Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BBB- | Stable (Reaffirmed)
14 Jun 2022	Bank Guarantee (BLR)	Short Term	71.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	24.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB- | Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB- | Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BBB- | Stable (Assigned)
01 Jun 2022	Bank Guarantee (BLR)	Short Term	71.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	24.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- | Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- | Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	68.00	Simple	ACUITE A4 | Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.00	Simple	ACUITE A4 | Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE C | Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE C | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE C | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A4 | Reaffirmed

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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