



Press Release
DHATARWAL CONSTRUCTION COMPANY PRIVATE LIMITED
August 06, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BBB Stable Upgraded	-
Bank Loan Ratings	83.00	-	ACUITE A3+ Upgraded
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to 'ACUITE BBB' (read as ACUITE triple B) from 'ACUITE BB+' (read as ACUITE Double B plus) and Short term rating to 'ACUITE A3+' (read as ACUITE A three plus) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs.100 crore bank facilities of Dhatarwal Construction Company Private Limited. The outlook is 'Stable'.

The Company has provided information, leading to transition from Issuer Not Co-operating (INC since Oct 2024) to a regular issuer.

Rationale for Rating:

The rating factors experience of promoters in the construction business with vintage of operations over one decade. Despite a year-on-year revenue decline to Rs.294.66 Crore in FY 2025 (prov) from Rs.352.46 crore in FY 2024 it maintains healthy margins backed by lower input costs and reduced interest expenses. A robust order book of ₹1576 crore and strong OB/OI ratio of 5.35x offer medium-term revenue visibility. Financial risk remains healthy with prudent leverage, stable debt protection metrics, and strengthened net worth. Working capital management has improved with quicker collections and reduced payables. Liquidity is deemed adequate with consistent cash accruals and minimal bank limit utilization. However, intense competition from organized as well as unorganized players and dependency on government tenders remain key challenges to monitor.

About the Company

Dhatarwal Construction Company Private Limited was incorporated in 2009 and is based in Haryana. The company is engaged in engaged into construction and development of road projects on EPC basis for government departments. Currently the company is managed by Mr. Rajbir Singh, Mr. Narender Kumar and Mr. Somvir Singh.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Dhatarwal Construction Company Private Limited to arrive at this rating.

Strengths

Benefits derived from Experienced Management::

The company has been in the civil construction industry for more than a decade, and it has an established track record of completing road infrastructure projects for government departments on an EPC basis. The company is currently run by Mr. Rajbir Singh, Mr. Narinder, and Mr. Somvir Singh, all of whom have combined experience of over a decade in this field. Acuité believes that its existing market presence and the successful execution of previous contracts will contribute to future order acquisition.

Healthy Financial Risk Profile:

The company's financial risk profile remains healthy, supported by a consistent improvement in net worth to Rs.123.01 crore in FY2025(Prov) from Rs.100.84 crore in FY2024 and Rs.75.07 crore in FY2023, driven by accretion to reserves. Despite a rise in total borrowings to Rs.78.81 crore in FY2025(Prov) from Rs.36.44 crore in FY2024 due to long-term equipment loans, the gearing ratio remains modest at 0.64x, compared to 0.36x in FY2024 and 0.76x in FY2023, indicating prudent leverage. Debt protection metrics, while slightly moderated, remain adequate with DSCR at 1.52x and ICR at a robust 12.85x in FY2025(Prov), as compared to 2.54x and 9.86x respectively in FY2024. The TOL/TNW ratio has improved to 1.34x in FY2025(Prov) from 1.95x in FY2024, reflecting reduced reliance on external liabilities. With no major capex plans ahead, Acuité believes the financial risk profile of the Company will remain healthy over the medium term.

Moderate Working Capital Management:

The company's working capital operations remain moderate, with Gross Current Asset (GCA) days increasing to 118 days in FY25 (Prov) from 86 days in FY24 and 108 days in FY23. The increase in the GCA days is due to the inventory days of the company, which stood at 7 days in FY25 (prov.), amounting to Rs5.10 Cr. The debtor days of the company is slightly increased and stood at 17 days in FY25 (prov.) against 5 days in FY24. Further, other current assets rose to ₹55.07 crore (prov) in FY25 from ₹44.16 crore in FY24, mainly attributable to an increase in trade advances and balances with revenue authority. Further creditor days reduced to 107 days in FY25 (Prov) from 157 days in FY24, driven by a decline in subcontractor payables. Acuite believes that working capital management is likely to improve on account of managing their inventory and payable.

Weaknesses

Decline in scale of operation albeit moderate margin

The company has recorded revenue of Rs.294.66 crore in FY 2025 (Prov), compared to Rs.352.46 crore in FY 2024 and Rs.349.02 crore in FY 2023. The revenue is concentrated in Northeastern and Eastern states, as well as North Indian states like Haryana. However, revenue has declined in FY 2025 due to elongated billing cycles with government entities, which result in lower realization. The OB/OI ratio stands at 5.35 times, providing adequate revenue visibility in the medium term. The operating margin grew from 12.50% in FY 2024 to 13.49% in FY 2025 (Prov), primarily due to a decrease in raw material costs like steel and cement. The PAT margin increased from 7.31% in FY 2024 to 7.52% in FY 2025 (Prov) due to a slight decrease in interest costs. The company has already recorded Rs.145 crore in Q1FY2026 fallout from lower bill realization in the last year, backed by a healthy order book outstanding as of June'25 of Rs.1576 crore. Acuite believes that the company's future growth will be supported by a healthy order pipeline and timely project execution; however, revenue volatility due to government billing cycles is a key monitorable.

Rating Sensitivities

1. Timely execution and realization from the project
2. Working capital management

Liquidity Position Adequate

The company's liquidity position is assessed adequate, supported by consistent net cash accruals, prudent financial management, and limited reliance on working capital borrowings. In FY25 (Prov.), the company generated net cash accruals of Rs.33.15 Crore, against its debt repayment obligations of Rs.20.69 Crore. The current ratio improved to 1.02x in FY25 (Prov.) from 0.47x in FY24, reflecting better short-term solvency. The Company has maintained total cash & bank balance of Rs.21.38 crore in FY25 (prov) against Rs.33.47 crore in FY24. Further, the average consolidated bank limit utilization at the month end balance stood nil and the average consolidated of maximum

bank limit utilization during the month stood at 8.90% for 6 months ending June'25. which indicates less reliance on external debt, faster realization from debtors, and efficient cash management. Going forward, Acuite believes that the company is well-positioned to sustain its stable liquidity outlook over the medium term, driven by consistent net cash accrual.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	294.66	352.46
PAT	Rs. Cr.	22.16	25.77
PAT Margin	(%)	7.52	7.31
Total Debt/Tangible Net Worth	Times	0.64	0.36
PBDIT/Interest	Times	12.85	9.86

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. Acuité'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
01 Oct 2024	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3+)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
	Cash Credit	Long Term	3.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB Stable)
04 Aug 2023	Bank Guarantee (BLR)	Short Term	50.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.00	ACUITE BBB Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BBB Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A3+ Upgraded (from ACUITE A4+)
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A3+ Upgraded (from ACUITE A4+)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BB+)
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 BBB Stable Upgraded (from ACUITE BB+)
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Upgraded (from ACUITE BB+)

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About Acuité Ratings & Research

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