



Press Release

Royal Infraconstru Limited

August 21, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	233.23 (reduced from 238.74 crore)	IVR A/ Stable (IVR Single A with Stable Outlook)	IVR A/ Stable (IVR Single A with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	590.00 (enhanced from 490.00 crore)	IVR A1 (IVR A One)	IVR A1 (IVR A One)	Rating Reaffirmed	Simple
Short Term Bank Facilities-Derivatives (incl. proposed)	2.47	IVR A1 (IVR A One)	-	Rating Assigned	Simple
Total	825.70 (Rupees Eight Hundred and Twenty-Five Crore and Seventy Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Royal Infraconstru Limited (RIL) continues to derive strength from its long track record of operation with proven project execution capability and established presence in the construction sector with reputed clientele (albeit high dependence on railway orders), highly experienced managerial and technical team with sound engineering acumen, strong order book reflecting satisfactory near to medium-term revenue visibility with comfortable capital structure and satisfactory debt protection metrics. However, these rating strengths continue to remain constrained by high working capital intensity, susceptibility of operating margin to volatile input prices, exposure to intense competition and risks associated with construction sector including sizeable non-fund-based exposure. The ratings also note moderation in scale of operation of the company.

The stable outlook reflects expected stable business performance of the company on the back of healthy order book position underpinned by healthy past project execution track record supported by experienced management and a reputed client base ensuring healthy cash flows.

Key Rating Sensitivities:



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Upward Factors

- Growth in scale of operations with improvement in profitability with EBITDA margin at over 12% on a sustained basis
- Sustenance of the capital structure with improvement in the debt protection metrics.
- Effective management of working capital leading to reduction in its operating cycle and improvement in liquidity position

Downward Factors

- Dip in operating income and/or profitability impacting net cash accruals
- Moderation in capital structure with deterioration in overall gearing to more than 1.5x and/or moderation in interest coverage ratio to below 3x
- Moderation in the operating cycle leading to deterioration in liquidity profile

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record & established presence in the construction sector**

Having incorporated in 1981, the company has a long track record of more than three and half decades with the current promoters managing the company since 1991. After its foray in construction activities in 2005, the company has completed a large number of construction projects and has positioned itself as one of the established players in the construction sector in Eastern India.

- **Highly experienced managerial & technical team with sound engineering acumen**

Mr. J.K. Jain looks after the overall operations of the company. Mr. Jain has done Business Leadership Program from IIM-Kolkata and is having an experience of more than 25 years in steel and construction/infrastructure sector. He is well supported by his brother, Mr. Shreyans Jain, and a well-experienced management team comprising mainly highly qualified & experienced professionals. The company has acquired strong engineering acumen through its successful operations over the years, especially in bridge construction and completed many complex projects. Moreover, it has an extensive and experienced design & drawing department along with many experienced engineers having rich credentials in the infrastructure/construction sector to cater to its regular requirements.

- **Proven project execution capability**

Over the years, the company has successfully completed many projects across the country for Indian Railways and other government bodies. In order to manage the projects in a better



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way, the company has a policy to handle limited number of projects at a time to ensure timely completion. The repeat orders received from its clientele validate its construction capabilities.

- **Reputed clientele albeit high dependence on railway orders**

Major clientele of the company includes Indian Railways (IR), various state government departments [mainly Public Works Department (PWD)/ Road Works Department (RWD)] and other Central and State Government corporations like Bihar Rajya Pul Nirman Nigam Limited, IRCON International Limited, NTPC Limited, National Projects Construction Corporation Limited etc. RL bids for tenders floated by various urban development authorities, civic bodies and other government entities across various states of India. However, the order book of RIL is skewed towards IR contracts indicating a client concentration risk, on one hand, and insulation from bearish phase of the domestic construction segment, on the other.

- **Strong order book reflecting satisfactory medium-term revenue visibility**

The company has a strong order book position of Rs.3098.07 crore as on June 30, 2025 which is about 4.12 times of its FY25 (FY refers to the period from April 1 to March 31) revenue. The orders are expected to be completed within next two-three years, indicating a satisfactory medium term revenue visibility.

- **Comfortable capital structure and satisfactory debt protection metrics**

The capital structure of the company continued to remain comfortable marked by satisfactory leverage ratios. The long-term debt equity ratio remains comfortable at 0.10x as on March 31, 2025, as against 0.15x as on March 31, 2024. The overall gearing improved to 0.45x as on March 31, 2025, as against 0.56x as on March 31, 2024 backed by scheduled repayment of term loan and accretion of profit to reserves. Total indebtedness of the company remained comfortable at 0.87x as on March 31, 2025. Moreover, the debt protection metrics of the company continues to remain satisfactory, marked by interest coverage ratio at 2.72x in FY25 as compared to 2.69x in FY24. Also, both Total debt to EBITDA and Total debt to NCA stood satisfactory at 2.45x and 4.02 years respectively as on March 31, 2025.

Key Rating Weaknesses

- **Moderation in the scale of operation**

The total operating income (TOI) of the company moderated from Rs.903.00 crore in FY24 to Rs.752.35 crore in FY25 due to slowdown in two of its big projects in Sikkim. These projects were impacted due to slower progress owing to a glacial lake outburst in Sikkim in October 2023 which led to the collapse of Teesta III hydroelectric dam. This apart, few of its projects were halted due to general election in May 2024. However, notwithstanding the dip in TOI, the



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company has managed to maintain its profitability. The EBITDA margin improved from 7.63% in FY24 to 7.94% in FY25 on the back of better management of operating expenses backed by decline in raw material procurement expenses. Furthermore, PAT margin also improved from 2.73% in FY24 to 2.83% in FY25. In Q1FY26, the company has achieved a revenue of ~Rs.167 crore.

- **High working capital intensity**

Construction business, by its nature, is working capital intensive and this is more so for medium to large players executing multiple projects across varied locations. Further, a large part of working capital remained blocked in earnest money, retention money or in the form of fixed deposits as margin against required bank guarantees. To support the working capital requirement, the company is mainly relying on bank borrowings and high credit period availed from its input suppliers based on its long and established presence in the construction sector. The collection period moderated from 19 days in FY24 to 28 days in FY25. Further, the average working capital utilisation in 12 months ended Mar 2025, remained moderate at ~76% and BG utilization also remained moderate at ~68% in the last 12 months ended Mar 2025.

- **Susceptibility of operating margin to volatile input prices and exposure to intense competition**

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including subcontracting) cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including sub-contracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) cost. However, the presence of escalation clause (for raw materials) in all of the contracts protect the margin to an extent. Furthermore, the company is also exposed to intense competition due to presence of many players with varied statures and capabilities which put the profit margin under pressure.

- **Risks associated with construction sector including sizeable non-fund based exposure**

RIL is exposed to the cyclicity inherent in the construction industry and intense competition in the tender-based contract award system, resulting in the risk of volatility in order inflows, revenues, and pressure on profit margins. However, its long presence and established relationships with clients, provide comfort. It is exposed to sizeable contingent liabilities in the form of BGs (~Rs.367.33 crore outstanding as on March 31, 2025), mainly towards



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performance guarantee, mobilisation advances and security deposits. Nonetheless, Infomerics draws comfort from RIL's healthy execution track record and no instances of invocation of guarantees in the past.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain comfortable marked by its expected adequate gross cash accruals of Rs.48.35 crore to Rs.58.52 crore against its debt repayment obligations of Rs.14.05 crore - Rs.16.22 crore during FY26-FY28. The company has earned gross cash accrual of Rs.36.46 crore in FY25 against debt repayment obligation of Rs.17.69 crore. Besides, its average bank limit utilisation at ~76% in the 12 months ended March 2025 is also indicating an adequate liquidity buffer. The company also has adequate unutilised non-fund-based limits with utilisation remained moderate at ~68% in the 12 months ended March 2025 to support its operations in the near term.

About the Company

Royal Infraconstru Limited (RIL) was set up in 1981 by Mr. Abhay Kr. Parakh of Raipur, Chhattisgarh, under the name of 'Royal Forgings Pvt. Ltd'. Subsequently, the company was converted into a public limited company and rechristened to its present name. Initially, the company was engaged in trading of steel and subsequently commissioned a plant for manufacturing of fish plate & elastic rail clips (for railways). The manufacturing facility of the company is in Raipur, Chhattisgarh. It manufactures various Railway track fittings like fish plate, elastic rail clips, rail anchor, metal liner & various steel products used by Indian Railways (IR).

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited



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Total Operating Income	903.00	752.35
EBITDA	68.87	59.73
PAT	24.80	21.49
Total Debt	168.39	146.56
Tangible Net Worth	301.75	322.21
EBITDA Margin (%)	7.63	7.94
PAT Margin (%)	2.73	2.83
Overall Gearing Ratio (x)	0.56	0.45
Interest Coverage (x)	2.69	2.72

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Jun 20, 2024	May 17, 2023	Mar 14, 2023
1.	Term Loan/ GECL	Long Term	16.23	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable
2.	Cash Credit	Long Term	217.00	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable	IVR A/ Stable
3.	Bank Guarantee	Short Term	590.00	IVR A1	IVR A1	IVR A1	IVR A1
4.	Derivative (incl. proposed limit of Rs. 0.05 crore)	Short Term	2.47	IVR A1	-	-	-



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About Infomerics:

Infomerics Valuation and Rating Limited [previously Infomerics Valuation and Rating Private Limited] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan/ GECL	-	-	-	Jan 2028	16.23	IVR A/ Stable
Cash Credit	-	-	-	-	217.00	IVR A/ Stable
Bank Guarantee	-	-	-	-	590.00	IVR A1
Derivatives (incl. prop.)	-	-	-	-	2.47	IVR A1

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-royal-infraconstru-aug25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.