August 25, 2025

C S Construction Company Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Others	59.00	134.00	[ICRA]A (Stable); reaffirmed and assigned for enhanced amount
Long-term – Non-fund based – Others^	791.00	766.00	[ICRA]A (Stable); reaffirmed
Total	**850.00**	**900.00**	

**Instrument details are provided in Annexure-I; ^include interchangeable fund-based limits*

Rationale

The rating action for C S Construction Company Private Limited (CSCCPL) factors in its healthy order book position of Rs. 3,034.5 crore (as on May 31, 2025), which translates into 3.7 times of its operating income (OI) in FY2025 (provisional figures). This, coupled with the company's established track record in executing strategic and tunnelling works for the Central Government agencies and generating repeat orders from its reputed clientele - like the Defence Research and Development Organisation (DRDO), Ministry of Defence (MoD), Border Roads Organisation (BRO) and Ministry of Road Transport and Highways (MoRTH) - provides healthy medium-term revenue visibility. Also, healthy order inflows are expected to aid in sustained scale-up of the company's operations. Further, the rating reflects the improvement in its operating margins in FY2025, which increased to 11.7% (FY2024: 10.9%) while sustaining adequate coverage metrics (interest coverage at 4.3 times in FY2025 vs. 5.3 times in FY2024). Despite strong order inflows and healthy execution, CSCCPL's revenues witnessed a flat YoY performance, with 1.4% growth to Rs. 813.2 crore in FY2025 (albeit in line with ICRA's expectations) owing to delayed ramp-up in some projects and deferred billing. Aided by commencement/ramp-up of works in the newly awarded orders, the company is projected to report a turnover of Rs. 900-1,100 crore in FY2026e, while maintaining coverage metrics at a comfortable level (with interest cover above 4.5 times over medium term). In line with the previous exercise, ICRA is given to understand that non-interest bearing unsecured loans of directors/promoters to the extent of ~Rs. 60 crore shall remain invested over a long term in the company, which will support the liquidity profile as well as limit reliance on external debt.

The rating is, however, constrained by the company's relatively moderate scale of operations and leverage metrics (TOL/TNW of 1.7 times as on March 31, 2025). Over the last three-four years, CSCCPL availed project-related mobilisation advance term loans (MATLs) from banks in lieu of mobilisation advances from customers owing to lower interest rates. This has increased its overall external borrowings (Rs. 135.1 crore as on March 31, 2025, vs. Rs. 65.3 crore as on March 31, 2021). Also, working capital intensity, as reflected in NWC/OI remains elevated as at year end. Historically, higher billing and execution during the last quarter of the financial year results in higher receivables and inventory, though the same are largely realised over Q1. Nonetheless, given its healthy scale-up plans, the company's ability to maintain a healthy cash conversion cycle, with timely realisation of receivables, will remain crucial from a credit perspective.

CSCCPL remains exposed to execution risks associated with construction contracts, as around 80% of its projects are in the early stages of execution with less than 20% progress as of May 2025. The rating factors in the high client and segment concentration risks as it derives revenues primarily from the projects undertaken for the MoD, BRO and National Highways Authority of India (NHAI) with top five projects constituting ~53% of the pending order book as on May 31, 2025. However, the presence of reputed counterparties and adequate billing progress in the key projects mitigates the concentration risk to some extent. The rating notes the company's exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance, mobilisation advances and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

The Stable outlook on the long-term rating reflects ICRA's opinion that CSCCPL will be able to maintain its revenue growth over the medium term, backed by a healthy OB position, while sustaining leverage and coverage metrics commensurate with its rating level.

Key rating drivers and their description

Credit strengths

Established track record in executing niche and strategic works for MoD; reputed client profile – CSCCPL has been executing strategic projects for the MoD for over two decades and has undertaken strategic works (including tunnel works) for BRO and NHAI. Its healthy execution track record has helped it improve its bidding eligibility across reputed authorities and aided the company in securing repeat and fresh orders. A strong and reputed clientele enables timely receipt of payments, which is expected to support its cash flows and liquidity position. ICRA notes that the company's core competency lies in strategic/ defence works and no significant segment diversification is planned. It has exclusive tie-ups with some international vendors for the supply of critical equipment, which improves its competitive position. Moreover, CSCCPL has a team of qualified and technical personnel, who have been associated with the company for around two decades.

Healthy order book position providing medium-term revenue visibility – CSCCPL's had an outstanding OB of Rs. 3,034.5 crore as on May 31, 2025, translating into OB/FY2025 OI of 3.7 times, which provides healthy medium-term revenue visibility. This OB is geographically diversified with projects spread across Jammu and Kashmir (J&K), Madhya Pradesh (MP), Bihar, Uttar Pradesh (UP), and Karnataka, among others. While the company's revenues witnessed a flat revenue performance in FY2025 (provisional figures) owing to deferral of billing to Q1 FY2026 and delayed ramp-up in some projects, it is likely to witness CAGR of around ~13-14% during FY2026-FY2027, on the back of healthy order inflow and expected improvement in execution.

Improving operating profitability and adequate coverage metrics – The company's operating profitability improved to 11.7% in FY2025 (provisional figures), against 10-11% for the past three years that ended in FY2024. While the risk of volatility in margins stand reduced, with all the ongoing contracts having provision for price variation of key raw materials such as cement and steel, the impact of the same on its operating margins remains to be seen. CSCCPL's interest coverage moderated YoY to around 4.3 times in FY2025 (FY2024: 5.3 times), on account of sizeable MATLs from banks, yet remain adequate. The infusion of sizeable interest-free unsecured loans (~Rs. 60 crore outstanding as on date, infused over the last three years) and shift from high interest-bearing advances from customers to relatively low interest-bearing project-related MATLs from banks, over the last three years, has supported the overall interest coverage. The interest cost is expected to remain at similar levels going forward, supporting the coverage metrics in the medium term. ICRA notes that the high repayments of MATLs keep the debt service coverage ratio (DSCR) subdued. However, the project receipts-linked repayment (before such receipts are utilised for other operations) directly through an escrow account offers comfort.

Credit challenges

Concentrated order book with average execution risk – CSCCPL's pending OB is concentrated on few clients viz., MoD, BRO and NHAI, with top three customers accounting for ~89% of the pending order book as on May 31, 2025. It remains exposed to the execution risk associated with the contracts as around 80% of the orders are in the early stages of execution with less than 20% progress. CSCCPL, like any other construction company, is vulnerable to risks inherent in the construction sector such as time and cost overruns, slowdown in new order inflows and high exposure to non-fund based limits vis-à-vis its net worth. The company's ability to timely complete the projects will remain crucial to meet the contractual obligations and receive repeat orders in future.

Moderate leverage levels – Over the last three to four years, CSCCPL has shifted to project-related MATLs from the working capital lenders, instead of advances from customers yielding savings in interest costs. However, this has led to high overall borrowings, with TOL/TNW of 1.7 times as on March 31, 2025. The promoters/directors have infused long-term non-interest bearing unsecured loans to support scale-up in operations. Excluding the same, the TOL/TNW remained adequate at around 1.4 times as on March 31, 2025 (vs. 1.3 times as on March 31, 2024).

Sectoral risks including sizeable non-fund based exposure – CSCCPL is exposed to the cyclicality inherent in the construction industry and intense competition in the tender-based contract award system, resulting in volatility in revenues and pressure on margins. However, limited players with requisite technical qualification in the niche defence works and its long presence and established relationship with the clients offer a competitive advantage to CSCCPL. The company is exposed to sizeable contingent liabilities in the form of bank guarantees (~Rs. 520 crore as of June 2025), mainly towards performance guarantee, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its healthy execution track record and no invocation of guarantees in the past.

Liquidity position: Adequate

CSCCPL's liquidity is expected to remain adequate, with healthy cash flows from operations, supported by free cash and bank balances of Rs. 54.2 crore and cushion available in the form of unutilised working capital limits (FB: Rs. 77.9 crore and NFB: Rs. 100.1 crore) as on June 30, 2025. The average utilisation of its fund-based and non-fund based limits during the 12-month period that ended as on June 30, 2025 was 44% and 73%, respectively. Against the same, it has repayment obligations of ~Rs. 65 crore in FY2026 (majority of which pertains to repayment of MATL and are to be directly paid out from project receipts) and capex plans of Rs. 15.0-20.0 crore. The estimated cash flows from operations, along with lines of credit available are likely to be sufficient to meet these obligations. In addition, it enjoys flexibility to avail mobilisation advances against BGs.

Rating sensitivities

Positive factors – Significant increase in scale of operations, along with improvement in operating profitability and working capital intensity, yielding better liquidity and coverage metrics, may trigger a rating upgrade.

Negative factors – Significant delays in project execution, leading to a decline in its scale and operating profitability, or any sizeable debt-funded capital expenditure, or a sustained increase in working capital cycle impacting its liquidity and credit metrics could put pressure on the rating. Specific credit metrics that could lead to a rating downgrade include TOL/TNW over 1.4 times or interest coverage below 4.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company's standalone financial statements.

About the company

Incorporated in 2005, CSCCPL is a Delhi-based engineering/construction company involved in the tender-based civil and electrical engineering works of strategic nature, primarily for DRDO and MoD. Over the years, the company has undertaken contracts for BRO. It was founded and promoted by Ashok Bhuchar and its affairs are currently managed by his three sons viz., Rahul Bhuchar, Rohit Bhuchar and Rishi Bhuchar. The company is enlisted with DRDO in Class-I (Super) of Composite Category with unlimited tendering limit, and as 'SS' class contractor (Super Special – unlimited tendering limit, for January 2021 to December 2025) for Military Engineer Services (MES).

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income (OI)	802.0	813.2
PAT	47.2	50.1
OPBDIT/OI (%)	10.9%	11.7%
PAT/OI (%)	5.9%	6.2%
Total outside liabilities/Tangible net worth (times)	1.6	1.7
Total debt/OPBDIT (times)	2.3	2.0
Interest coverage (times)	5.3	4.3

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, *Provisional financials*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs crore)**	**Aug 25, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund Based-Others	Long Term	134.00	[ICRA]A (Stable)	Jan 27, 2025	[ICRA]A (Stable)	-	-	-	-
Non Fund Based-Others	Long Term	766.00	[ICRA]A (Stable)	Jan 27, 2025	[ICRA]A (Stable)	-	-	-	-
Non Fund Based-Bank Guarantee	Long Term			Apr 12, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING; withdrawn	Feb 29, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	Dec 30, 2022	[ICRA]A- (Stable)
Fund Based-Overdraft	Long Term			Apr 12, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING; withdrawn	Feb 29, 2024	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	Dec 30, 2022	[ICRA]A- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Others	Simple
Long-term – Non-fund based – Others	Very Simple

**Not placed/ issued yet, subject to change once the terms are finalised.*

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term – Fund-based – Others**	NA	NA	NA	134.00	[ICRA]A (Stable)
NA	**Long-term – Non-fund based – Others^**	NA	NA	NA	766.00	[ICRA]A (Stable)

Source: Company, ICRA Research; ^include interchangeable fund-based limits

[*Please click here to view details of lender-wise facilities rated by ICRA*]

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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