July 15, 2026

Ractechnocrats Private Limited: [ICRA]B+ (Stable)/[ICRA]A4; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund-based – Others (Working capital facilities)	0.75	[ICRA]B+ (Stable); assigned	RBI
Short-term – Non-fund based – Others	0.50	[ICRA]A4; assigned	RBI
Total	**1.25**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

The assigned ratings factor in the extensive experience of Ractechnocrats Private Limited's (RACTPL) promoters in the civil construction industry and the company's demonstrated track record in the successful execution of civil, structural, fabrication and allied engineering works across industrial projects. The ratings also draw comfort from its long association with reputed clients such as Indian Oil Corporation Limited (IOCL), Essar Projects Limited, Gujarat State Petronet Limited (GSPL), Tata Steel Limit, ArcelorMittal Nippon Steel India Private Limited, Adani Power Limited and various Government and infrastructure agencies, reflecting its established execution capabilities and customer acceptance. Further, the ratings are supported by the company's robust debt protection metrics, as reflected in an interest coverage ratio of around 18x and a debt service coverage ratio (DSCR) of around 6x as on March 31, 2026. Its operating income improved to Rs. 16.3 crore in FY2026 (provisional) from Rs. 7.0 crore in FY2025, primarily driven by higher project execution during the year. Going forward, the company's revenues are likely to remain stable over the near term with the expected increase in orderbook.

The ratings are, however, constrained by the company's small scale of operations and moderate order book position, which limits revenue visibility and growth prospects over the medium term. The ratings are also restricted by its modest net worth of Rs. 2.8 crore as on March 31, 2026, which limits its financial flexibility and ability to undertake larger projects independently. Further, RACTPL remains exposed to high geographical and client concentration risks, with a major portion of its outstanding order book concentrated in Gujarat and Maharashtra and a single client accounting for around 69% of the unexecuted order value as on March 31, 2026. Moreover, the company operates in an intensely competitive and fragmented civil construction industry, characterised by the presence of numerous organised and unorganised players, resulting in competitive bidding intensity and limiting pricing flexibility, which could exert pressure on profitability.

The Stable outlook on the long-term rating reflects ICRA's expectation that RACTPL will sustain its scale, supported by timely and efficient execution of its existing order book and its demonstrated ability to secure new orders.

Key rating drivers and their description

Credit strengths

Significant experience of promoters in civil construction sector – RACTPL benefits from the extensive experience (of over a decade) of its promoters in the civil construction and industrial infrastructure segment. The promoters have developed expertise in executing civil, structural, fabrication and allied engineering works across various industrial projects over the years, which has enabled the company to establish relationships with clients and effectively manage project execution risks.

Reputed client profile – RACTPL has been associated with reputed corporates and public sector entities, including Indian Oil Corporation Limited (IOCL), Essar Construction Limited, Tata Steel, ArcelorMittal Nippon Steel India Private Limited, Adani Power Limited and Gujarat State Petronet Limited, among others. The association with established counterparties provides comfort from a counterparty credit perspective and supports timely realisation of receivables.

Credit challenges

Small scale and modest net worth – RACTPL continues to operate at a relatively small scale, as reflected in an operating income of around Rs. 16 crore in FY2026 despite the improvement in revenues over the last two financial years. Further, its net worth remained modest at Rs. 2.8 crore as on March 31, 2026, limiting its financial flexibility and ability to undertake larger projects independently. The company's small scale constrains its bargaining power with suppliers and customers and restricts its ability to absorb any significant business or execution-related shocks. Consequently, its financial profile remains relatively vulnerable to adverse movements in revenues, profitability or working capital requirements.

Moderate orders book position – RACTPL’s order book position remains moderate, thereby limiting long-term revenue visibility compared to larger peers in the construction sector. As on March 31, 2026, it had an unexecuted order book of around Rs. 28 crore, translating to nearly 1.7x its FY2026 operating income. While the existing order book is expected to support revenues over the near term, its relatively modest size restricts business visibility beyond the medium term and underscores the company's dependence on timely replenishment of orders. Consequently, its ability to sustain revenue growth and improve its scale of operations remains contingent upon securing fresh orders on a regular basis.

High geographical and client concentration risk – RACTPL remains exposed to significant geographical and client concentration risks. All its order book and revenues are concentrated in Gujarat and Maharashtra, exposing its operations to region-specific economic, regulatory and execution risks. Further, customer concentration remains high, with a substantial share of revenues (around 69% of the unexecuted order value as on March 31, 2026) derived from a single client. Any slowdown in order inflows, delays in execution, payment-related issues or reduction in business from these customers could have a material impact on the company’s revenues and cash flows.

Intensely competitive industry – The civil construction industry remains highly fragmented and competitive, characterised by the presence of numerous organised and unorganised players vying for projects across segments. Intense competition often results in aggressive bidding, thereby limiting pricing flexibility and exerting pressure on operating margins. RACTPL also faces competition from larger and more established players with stronger financial profiles and execution capabilities. Accordingly, its ability to maintain profitability while securing adequate order inflows remains vulnerable to the intense competition in the sector.

Liquidity position: Stretched

The company’s liquidity is likely to remain Stretched, on account of limited cash flow from operations and net cash accruals. The liquidity is also constrained owing to the limited sanctioned working capital facility of Rs. 0.75 crore with almost full utilisation during the last 12 months ending on April 30, 2026. However, the company has minimum debt repayment obligations and no major capital expenditure (capex) plan going forward, which provide some comfort to the liquidity.

Rating sensitivities

Positive factors – RACTPL’s ratings may be upgraded in case of sustained improvement in revenue and earnings leading to strengthening of net worth and liquidity position while maintaining comfortable credit metrics.

Negative factors – Pressure on the ratings could arise if the company’s scale and earnings decline significantly, leading to a deterioration in its debt protection metrics on a sustained basis. Further, any significant stretch in the working capital cycle or large debt-funded capex, resulting in a further deterioration in the company’s liquidity and financial risk profile, could also result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

RACTPL is engaged primarily in industrial civil construction and infrastructure development activities. The company specialises in civil, structural, fabrication, architectural, mechanical, electrical, pipeline, water treatment, irrigation, transportation (ash handling), industrial, power plant and oil & gas sector projects. RACTPL is headquartered at Gandhinagar, Gujarat, with a branch office in Surat. Apart from civil construction activities, the company also undertakes maintenance-related assignments, particularly coal and ash handling operations for industrial facilities and power plants.

Key financial indicators (audited)

RACTPL (Standalone)	FY2025	FY2026*
Operating income (OI)	7.0	16.3
PAT	0.5	1.0
OPBDITA/OI	12.8%	10.5%
PAT/OI	7.2%	6.0%
Total outside liabilities/Tangible net worth (times)	2.9	2.7
Total debt/OPBDITA (times)	0.9	0.9
Interest coverage (times)	12.5	18.4

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	July 15, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Others (Working capital facilities)	Long-term	0.75	[ICRA]B+ (Stable)	-	-	-	-	-	-
Non-fund based – Others	Short-term	0.50	[ICRA]A4	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Others (Working capital facilities)	Simple
Short-term – Non-fund based – Others	Simple

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	Financial sector regulator#
NA	**Long-term – Fund-based – Others (Working capital facilities)**	NA	NA	NA	0.75	[ICRA]B+ (Stable)	RBI
NA	**Short-term – Non-fund based – Others**	NA	NA	NA	0.50	[ICRA]A4	RBI

Source: Company

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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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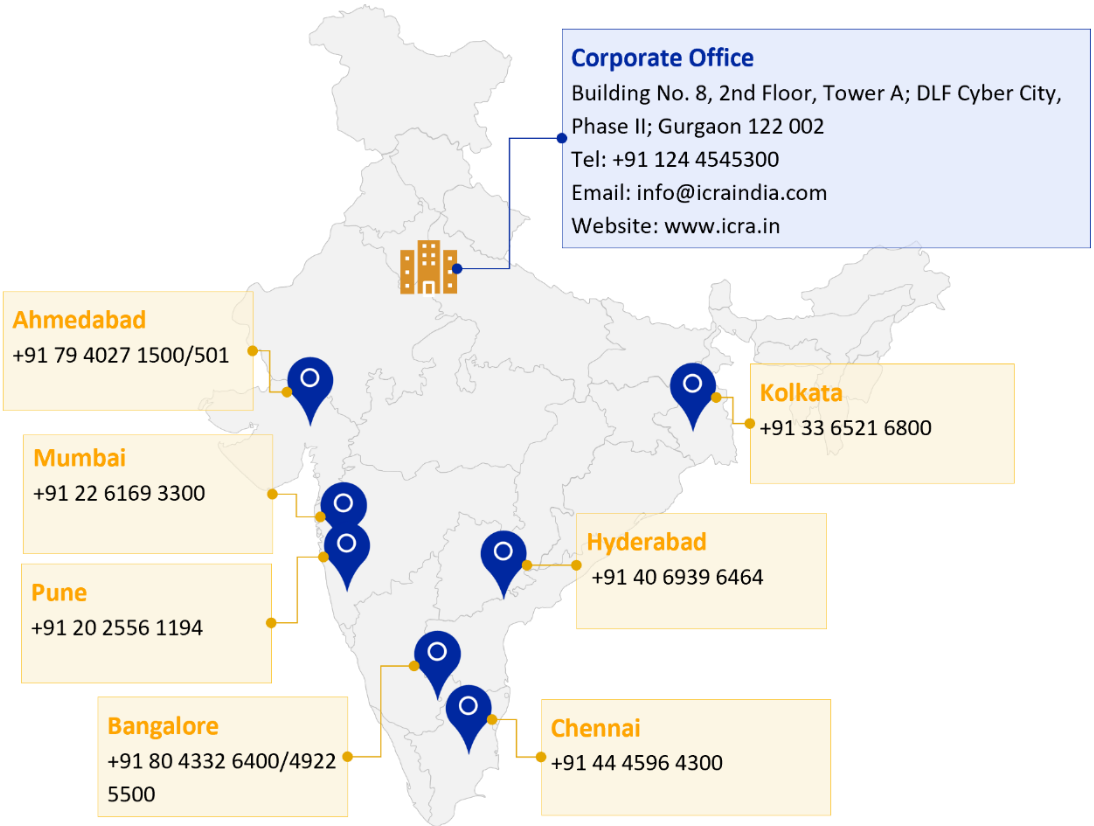

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