

Rachana Infrastructure Limited

September 11, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 69.99 Crore (Enhanced from Rs. 52.49 crore)	Regulator[^]
Long Term Rating	IVR BBB-/Stable (Rating Reaffirmed)	RBI
Short Term Rating	IVR A3 (Rating Reaffirmed)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed the long-term and short-term ratings assigned to the bank facilities of Rachana Infrastructure Limited (RIL). The reaffirmation reflects growth in scale of operations in FY 2026 (FY refers to period from April 01 to March 31), coupled with comfortable financial risk profile. The ratings also factor in experience of promoters along with long track record of operations. However, the ratings remain constrained by moderate orderbook position of the company with geographical concentration, susceptibility of operating margin to volatility in input prices and intense competition and tender based nature of business.

Outlook: Stable

The Stable outlook reflects expected steady business performance of the company in the near term marked by better execution of outstanding work orders.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Growth in scale of operations in FY 2026

The total operating income (TOI) of the company grew by ~47% from Rs.94.16 crore in FY 2025 to Rs. 137.95 crore in FY 2026, mainly supported by steady execution of orderbook. EBITDA and PAT margins improved to 12.97% and 7.21% respectively in FY 2026 from 7.67% and 4.24%

respectively in FY 2025. Going forward, the management expects revenue growth of around ~46% in FY 2027 while maintaining EBITDA and PAT margins at around ~14% and ~10% respectively. Timely execution of the existing orderbook and achievement of the projected revenue growth and profitability remain key monitorable

Comfortable financial risk profile.

The company's financial risk profile remained comfortable, supported by lower debt levels, improvement in networth, and healthy debt coverage metrics. Total debt reduced to Rs. 6.83 crore as on March 31, 2026, from Rs. 8.86 crore as on March 31, 2025, primarily on the account of decrease in term loans and unsecured loans. Adjusted tangible networth improved to Rs. 91.15 crore as on March 31, 2026, from Rs. 81.04 crore as on March 31, 2025. Consequently, the overall gearing and TOL/ATNW improved to 0.07x and 0.20x respectively as on March 31, 2026, from 0.11x and 0.29x respectively as on March 31, 2025. Supported by higher EBITDA and lower debt, the total debt to EBITDA ratio improved to 0.38x as on March 31, 2026, from 1.23x as on March 31, 2025. Debt coverage metrics remained comfortable, with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) at 3.19x and 2.00x respectively in FY 2026 as against 3.22x and 1.60x respectively in FY 2025.

Experienced promoters with long track record of operations.

RIL has established operational track record of over two decades in the civil construction business and Mr. Girishkumar Raval, the promoter and managing director of the company, possesses over 40 years of extensive experience in the infrastructure sector. He is supported by other directors and experienced professional in the day-to-day business activities. The promoter's industry experience, established relationship with customers and suppliers, are expected to continue supporting the company's business profile and growth prospects.

Weaknesses**Moderate orderbook position with geographical concentration risk**

The unexecuted orderbook of RIL stood at Rs. 134.97 crore as on June 30, 2026, i.e. equivalent to 0.98 times its FY 2026 total operating income of Rs. 137.95 crore. The orderbook is primarily concentrated in Jharkhand and Gujarat, with majority of orders to be executed in FY 2027. Further out of total unexecuted orderbook, order worth Rs. 111.01 crore is solely from Palamu Pipeline irrigation scheme in Jharkhand indicating high concentration in the unexecuted orderbook. Further strengthening its revenue visibility, the company has received Letters of Acceptance for a new project worth Rs. 98.61 crore, from R & B division, Botad, for construction of four lane road. Further the company stands out as L1 for two new projects worth Rs. 295.71 crore from R & B division, Ahmedabad. Timely commencement and execution of these projects remain key monitorable.

Susceptibility of operating margin to volatility in input prices

The company's operating margins remain susceptible to fluctuations in input costs, as raw materials and labour constitute a significant portion of its cost structure. Any sharp increase in raw material prices or labour and subcontracting costs, particularly where cost escalation clauses are absent or inadequate, could exert pressure on the company's profitability.

Intense competition and tender-based nature of business

The company's order inflows are primarily dependent on its ability to secure new contracts through competitive bidding. The EPC industry remains highly competitive, with aggressive bidding by peers potentially exerting pressure on margins. Further, the company's ability to sustain its scale of operations and profitability remains contingent upon timely order inflows, efficient project execution and prudent cost management.

Liquidity – Adequate

The company's liquidity is expected to remain adequate, supported by healthy expected cash accruals against its scheduled debt repayment obligations over FY2027–FY2029. The company has availed additional working capital limits to support the execution of the recently awarded projects. The average fund based working capital utilization remained moderate at ~82% during the last 12 months ended June 2026, indicating limited cushion in its sanctioned working capital limits. The company had free cash and cash equivalents of Rs. 0.60 crore as on July 24, 2026.

Rating Sensitivities**Upward Factors**

- Timely execution of order book as envisaged resulting in growth in operating income along with improvement in profitability on a sustained basis.

Downward Factors

- Decline in scale of operations and profitability and delay in execution of new projects resulting in deterioration of cash accruals.
- Sharp changes in leverage impacting the debt coverage metrics.
- Stretch in the working capital cycle impacting the liquidity of the company.

About the Company

Gujarat based Rachana Infrastructure Limited (RIL) previously known as Rachana Construction Company was incorporated in June 2001 as a public limited company by Mr. Girishkumar Raval. RIL is a mid-size registered class AA contractor engaged in the business of civil and infrastructure segment. The company has been listed in the NSE SME category on 10th June 2022.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025**	31-03-2026
	Audited	Audited
Total Operating Income	94.16	137.95
EBITDA	7.22	17.90
PAT	4.10	10.13
Total Debt	8.86	6.83
Tangible Net Worth (TNW)	85.27	95.38
EBITDA Margin (%)	7.67	12.97
PAT Margin (%)	4.24	7.21
Overall Gearing (times)	0.10	0.07
Interest Coverage (times)	3.22	3.19

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: company

**In FY25, total operating income is excluding non-operating income.

Applicable Criteria

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments / Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24
					Jul 02, 2025	Jul 05, 2024	May 22, 2024	--
1	Fund based facilities	LT/ST	14.99	IVR BBB-/Stable/IVR A3	IVR BBB-/Stable/IVR A3	IVR BBB-/Stable	IVR BB/Negative; ISSUER NOT CO-OPERATING*	--
2	Non-Fund based facilities	ST	55.00	IVR A3	IVR A3	IVR A3	IVR A4/ISSUER NOT CO-OPERATING*	--

* Issuer did not cooperate; Based on best available information

**Annexure 1: Instrument/Facility Details**

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Cash Credit	--	--	--	--	10.00	IVR BBB-/Stable	NA	RBI	Simple
Bank Guarantee	--	--	--	--	55.00*	IVR A3	NA	RBI	Simple
Overdraft	--	--	--	--	4.99	IVR A3	NA	RBI	Simple

* Rs. 40.00 crore is sublimit in the form of Advance Bank Guarantee, Rs. 27.50 crore is sublimit in the form of Bank Guarantee in favour of Subcontractor/JV/Third Party

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericsstorage.blob.core.windows.net/uploads/Len_Rachana_Infra11_Sep26_d9fe2486fb.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI



Sr. No.	Instrument / activity Name	Regulator of the instruments
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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