

JK Electric Engineers Private Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.07	CARE BB; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	39.62	CARE BB; Stable / CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of JK Electric Engineers Private Limited (JKEEPL) factors in small scale of operations, leveraged capital structure and weak debt coverage indicators. The ratings continue to remain constrained by fragmented and intensely competitive industry, working capital-intensive operations, and business risk associated with tender-based orders and absence of price escalation clause in majority of work contracts. However, these rating weaknesses are partially offset by moderate profitability margins and moderate order book position providing medium-term revenue visibility, and experienced promoters with a long track record of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations as marked by total operating income (TOI) of above Rs.115 crore on a sustained basis along with sustenance of unexecuted order book position to more than 2x of the previous years' turnover and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 10%.

Negative factors

- Any incremental borrowings leading to a deterioration in capital structure as marked by overall gearing of above 3.5x on a sustained basis.
- Sustenance in elongation of average collection period beyond 100 days.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects the CARE Ratings Limited's (CARE Ratings') opinion that the company shall continue to benefit from the long standing experience of the promoters in the civil construction industry.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations

TOI (total operating income) of the company grew to Rs.64.80 crore in FY25 (refers to the period from April 01, 2024 to March 31, 2025) from Rs. 40.34 crore in FY24. Nevertheless, the scale of operations remains small, and it limits the financial flexibility of the company in times of stress and deprives it of scale benefit. In 8MFY26 (refers to the period from April 01, 2025 to November 30, 2025), the company booked a TOI of Rs. ~34.00 crore. Further, profitability margins of the company continue to remain moderate in FY25 as reflected by the PBILDT and profit after tax (PAT) margin of 10.03% (PY: 10.42%) and 6.23% (PY: 5.27%) respectively.

Leveraged capital structure and weak debt coverage indicators

The capital structure of the company remains leveraged, marked by overall gearing of 1.02x as on March 31, 2025 (PY:2.06x), primarily due to high utilisation of working capital borrowings. Further, the debt coverage indicators remains weak, marked by interest coverage of 3.32 (PY: 2.08x) and total debt to gross cash accruals (TD/GCA) of 5.34x (PY: 16.29x) in FY25, owing to high debt levels.

Highly fragmented and competitive nature of the industry

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

(JKEEPL) faces direct competition from organised and unorganised players in the market. Several small and regional players cater to the same market, which limits the company's bargaining power and puts pressure on its margins. Further, execution challenges such as regulatory clearances and longer gestation periods of projects collectively put pressure on the credit profile of players.

Business risk associated with tender-based orders and absence of price escalation clause in most work contracts

(JKEEPL) business is tender-based and characterised by intense competition. The growth of the business depends on its ability to successfully bid for tenders and emerge as the lowest bidder. Tenders primarily depend on budgetary fund allocation, and any change in government policy or project spending is likely to affect revenues. Therefore, JKEEPL's ability to secure new orders and execute them successfully amid existing competition remains critical from a credit perspective. Further, in the absence of backward integration, it procures key raw materials such as steel, cement, and sand from approved vendors or regional players specified by clients at market rates, which makes its margins susceptible to volatility in input prices. Due to the absence of a price escalation clause in most work contracts, adverse volatility may impact the company's profitability margins. Thus, the company's ability to maintain profitability margins is critical from a credit perspective. Moreover, JKEEPL derives most of its revenue from work orders in Jammu and Kashmir, which exposes it to geographical concentration risk and closely ties its performance to incremental development of civil and electrical projects in the region.

Working capital-intensive operations

The operations of the company are working capital-intensive, marked by gross current assets of 244 days in FY25 (PY: 473 days). When funds are indicated by government departments, the company raises invoices on a milestone basis, i.e., upon completion of a certain percentage of the work contract, which is acknowledged by the department after inspection of the work done. After inspection, the department clears the payment to the company. In FY25, the company's average collection period stood high at 98 days (PY: 150 days). The company receives supplier credit of three-four months and maintains inventory for two-three months. It also sub-contracts work orders, and payments to sub-contractors are made after receiving payments from government departments.

Key strengths

Experienced promoters and long track record of operations

(JKEEPL) was incorporated as a proprietorship firm in 2004 and converted into a Private Limited company in August 2017. It is managed by Arun Kumar and his spouse, Neeru Sharma. Both are graduates and have extensive industry experience of over two decades in setting up electrical substations and transmission lines. The promoters' experience has helped them gain a better understanding of market dynamics and establish long-standing relationships with suppliers and customers.

Moderate order book position

As on November 30, 2025, the company's unexecuted order book stood moderate at ~₹95.00 crore, to be executed in the next 12-18 months, providing near-term revenue visibility. Most orders are fixed-price and fixed-time in nature; hence, effective and timely execution has a direct bearing on margins.

Liquidity: Stretched

The liquidity position of the company is stretched marked by high utilisation of working capital borrowings which stood at around 80% while its non-fund-based limits were fully utilised in the trailing 12 months ended November 30, 2025. The repayment obligations for FY26 stood at Rs ~0.53 crore as against expected gross cash accruals of Rs. 5.00 crore. The company is not planning to incur any major capex in the near to medium term.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Construction Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Based in Jammu, the company is engaged in providing services of electrical and civil infrastructure in Jammu and Kashmir and Madhya Pradesh regions. It provides services relating to designing, engineering, testing, commissioning and supply cables and

sub stations to private organisations and government departments such as Power Grid Corporation of India Limited (rated CARE AAA; Stable/CARE A1+), REC Transmission Projects Company Limited, Konkan Railway Corporation Ltd. (rated CARE AA+; Stable), among others. The company is managed by Mr. Arun Kumar and his spouse Mrs. Neeru Sharma, having industry experience of over two decades in setting up of electrical substations and transmission lines.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	40.34	64.80
PBILDT*	4.20	6.50
Profit after tax (PAT)	2.13	4.04
Overall gearing (x)	2.06	1.02
Interest coverage (x)	2.08	3.32

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: CRISIL has retained the ratings assigned to the bank facilities of JKEEPL under Issuer Not Cooperating (INC) category vide its press release dated December 08, 2025, on account of its inability to carry out review of ratings in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	12.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	March 2027	1.07	CARE BB; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	Proposed	2.62	CARE BB; Stable / CARE A4
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	37.00	CARE BB; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	37.00	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (02-Dec-24)	1)CARE A4+ (05-Sep-23)	1)CARE A4+ (30-Jun-22) 2)CARE A4; ISSUER NOT COOPERATING* (05-Apr-22)
2	Fund-based - LT-Cash Credit	LT	12.00	CARE BB; Stable	-	1)CARE BB; Stable (02-Dec-24)	1)CARE BB; Stable (05-Sep-23)	1)CARE BB; Stable (30-Jun-22) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-22)
3	Fund-based - LT-Term Loan	LT	1.07	CARE BB; Stable	-	1)CARE BB; Stable (02-Dec-24)	1)CARE BB; Stable (05-Sep-23)	1)CARE BB; Stable (30-Jun-22) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Apr-22)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	2.62	CARE BB; Stable / CARE A4	-	1)CARE BB; Stable / CARE A4 (02-Dec-24)	1)CARE BB; Stable / CARE A4+ (05-Sep-23)	1)CARE BB; Stable / CARE A4+ (30-Jun-22)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated: Not applicable

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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