

## Ram Narayan Contractor

February 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	4.50 (Enhanced from 2.00)	CARE BB-; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B-; Stable
Long-term / Short-term bank facilities	7.50 (Reduced from 10.00)	CARE BB-; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and LT rating and Stable outlook assigned and ST rating reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in ratings assigned to facilities of Ram Narayan Contractor (RNC) considers availability of adequate information and fees to undertake a detailed review of ratings.

Ratings are constrained by the firm's modest scale of operations with low profitability, intense competition in the government civil construction segment, vulnerability of margins to fluctuation in raw material prices, constitution as a partnership firm, and modest debt coverage indicators with stretched liquidity. However, ratings derive strength from experienced management, satisfactory order book, and moderate capital structure despite limited net worth.

Ratings assigned to ₹2.00 crore bank overdraft facility and ₹10.00 crore bank guarantee limit rated in the last review have been withdrawn considering no-due confirmation received from the lender, as the facilities have been fully repaid and closed.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sizable increase in total operating income (TOI) above ₹100 crore and improved operating margin above 5% on a sustained basis.
- Improvement in capital structure with profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage above 2x on a sustained basis.

#### Negative factors

- Sizable decline in TOI below ₹30 crore and continued deterioration in operating margin on a sustained basis.
- Substantial increase in debt levels or withdrawal of capital resulting in deterioration in capital structure with total outside liabilities to tangible net worth (TOL/TNW) above 3.5x on a sustained basis.

**Analytical approach:** Standalone

#### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that RNC will benefit from its promoters' vast experience in the civil construction industry and the established relationship with reputed clients.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest scale of operations with low profitability

In FY25 (FY refers to April 01 to March 31), the firm's moderate scale of operations was marked by TOI at ₹71.19 crore (PY: ₹74.40 crore). Profitability remained low considering higher levels of subcontracting, and the execution of low-margin projects resulted in subdued PBILDT margin at 0.41% in FY25 (PY: 3.40%).

For 9MFY26, the firm booked gross engineering, procurement, and construction (EPC) revenue of ₹52.55 crore.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Constitution as a partnership firm**

Being a partnership firm, RNC is exposed to the inherent risk from the partner's capital being withdrawn in case of personal contingency and the firm being dissolved upon the death/insolvency of the partners. Partnership entities have restricted access to external borrowing since credit worthiness of partners is the key factor affecting credit decision of lenders.

**Highly competitive and fragmented industry due to tender-driven nature of business**

The construction industry is highly fragmented with a large number of unorganised players and organised players, and the tender-driven nature of construction contracts results in intense competition and pressure on profitability. As the firm participates in tenders invited by large lead contractors, high competition, and lower bargaining power restrict its profitability margins.

**Susceptibility of profit margins due to volatile material prices**

Raw material is a major cost driver and its prices are volatile, exposing the cost base to adverse fluctuations in prices. Accordingly, profit margins are susceptible to fluctuations in raw material prices. With limited ability to pass on the increase in raw material costs in a competitive operating spectrum, substantial increase in these costs is expected to affect profitability.

**Key strengths****Satisfactory order book**

RNC is a Government-registered 'AA' class civil contractor engaged in the construction and rehabilitation of water-retaining structures, such as dams, canals, barrages, and anicuts, and other civil infrastructure works for various State Water Resources Departments.

As on December 31, 2025, the firm had an order book of ~₹82 crore, translating into an order book-to-FY25 TOI of ~1.15x, indicating satisfactory near-term revenue visibility. In addition, the firm has emerged as L1 bidder for projects aggregating ~₹58 crore.

As articulated by the management, the order book is expected to gradually improve further, supported by ongoing bidding activity.

**Moderate capital structure despite with modest debt coverage indicators**

RNC's capital structure continues to remain moderate with total outside liabilities to tangible net worth (TOL/TNW) of 1.93x in FY25-end (PY: 2.32x) considering high reliance on creditors' funding. The firm's net worth stood limited at ₹18.78 crore on March 31, 2025.

Overall gearing remained low at 0.09x on March 31, 2025 (PY: 0.21x), with negligible overall debt of ₹1.68 crore in FY25-end. Debt coverage indicators stood modest with PBILDT interest coverage of 0.58x and total debt/gross cash accruals (GCA) of 1.14 years in FY25-end.

**Established track record of operations with experienced partners**

The firm has been executing small-sized micro-irrigation projects for government departments since the 1980s. It is presently managed by partners, Hukma Ram Siyag, Subhash Chandra, Bhag Chand, and Hanuman Ram, each with over a decade of industry experience. The partners are supported by a second-tier management team comprising engineers with an average industry experience of ~10 years. With over three decades of presence in the sector, the firm has developed strong and long-standing relationships with government departments, reflected in repeat orders.

**Liquidity: Stretched**

RNC's liquidity position remains stretched due to modest cash accruals in a working capital intensive construction industry, resulting in high reliance on creditor funding and deposits from subcontractors to meet working capital requirements. Debt repayment obligations remain marginal in the range of ₹0.50-₹1.40 crore for FY26-FY28, which it expects to meet out of cash accruals.

Operating cycle stood at a moderate 82 days in FY25 (FY refers to April 01 to March 31), with an elongated receivables cycle of 172 days, owing to ~75% of outstanding receivables comprising retention money on March 31, 2025. Retention money is deducted by the authority from monthly RA bills instead of through a performance bank guarantee (PBG). Cash flow from operations stood positive at ₹4.24 crore in FY25, owing to incremental creditors. Free cash and bank balance stood at a modest ₹2.70 crore on March 31, 2025.

The firm has availed fixed deposit (FD) backed overdraft (OD) limit of ₹3.60 crore, average utilisation of which remains 50-60% and reduces towards year end due to release of funds from Government departments. The firm has been sanctioned drop-line OD limit of ₹4.50 crore, which is yet to be availed. RNC has also applied for a bank guarantee limit of ₹8.50 crore, which is under sanction.

The current ratio and quick ratio stood at moderate levels of 1.18x and 1.15x, respectively, on March 31, 2025. RNC's ability to maintain adequate liquidity while scaling up operations remains a key rating monitorable.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)

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

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

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[Short Term Instruments](#)

### About the firm and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Established in 1980 and based in Bikaner, Rajasthan, RNC is a partnership firm founded by Late Ram Narayan Siyag. The firm is presently managed by his sons — Hukma Ram Siyag, Subhash Chandra, Bhag Chand, and Hanuman Ram.

The firm is a Government-registered 'AA' Class civil contractor, engaged in the construction and rehabilitation of water-retaining structures such as dams, canals, barrages, and anicuts and all civil infrastructure work for water resource departments of Rajasthan and Madhya Pradesh.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (Prov.)
Total operating income	74.40	71.19	52.55
PBILDT*	2.53	0.29	NA
Profit after tax (PAT)	1.07	0.89	NA
Overall gearing (x)	0.21	0.09	NA
Interest coverage (x)	4.88	0.58	NA

A: Audited, Prov.: Provisional, NA: Not available; Note: these are latest available financial results

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

**Status of non-cooperation with previous CRA:** Nil

**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-Bank Overdraft		-	-	-	4.50	CARE BB-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	7.50	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	Fund-based - LT-Bank Overdraft	LT	4.50	CARE BB-; Stable	1)CARE B-; Stable; ISSUER NOT COOPERATING* (21-Jul-25)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (19-Jul-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (03-Jun-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	7.50	CARE BB-; Stable / CARE A4	1)CARE A4; ISSUER NOT COOPERATING* (21-Jul-25)	1)CARE A4; ISSUER NOT COOPERATING* (19-Jul-24)	1)CARE A4; ISSUER NOT COOPERATING* (06-Jun-23)	1)CARE A4; ISSUER NOT COOPERATING* (03-Jun-22)

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

LT: Long 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-Bank Overdraft	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

**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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