R. K. Construction (Jamshedpur)

March 31, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	35.00	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of R. K. Construction (Jamshedpur) (RKC) factors in the firm's stable scale of operations attributable to better execution of orders in hand. However, ratings are primarily constrained by small scale of operations, tender driven nature of business and highly competitive industry, constitution as a proprietorship firm and moderate capital structure and debt coverage indicators. These weaknesses are partially offset by experience of promoters with long track record of operations, satisfactory profitability margins, moderate order book position and reputed clientele resulting in minimal default risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sizable increase in total operating income (TOI; turnover over ₹200 crore) and sustainable operating margin greater than 10% on a sustained basis.
- Conversion of firm into a limited entity.

Negative factors

- Sizable de-growth in TOI (turnover less than ₹75 crore) and deterioration in operating margin to below 5% on a sustained basis.
- Increase in debt level leading to deterioration in capital structure with overall gearing above 2x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook indicates that CARE Ratings Limited (CareEdge Ratings) expects the firm to continue benefiting from extensive industry experience of its promoters and management. The outlook further reflects CareEdge Ratings' expectation that the firm will sustain its operational scale and profitability, supported by its established relationships with customers and suppliers and a comfortable order book position.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations

The firm's scale of operation remained small despite its long track record. Although TOI showed an improving trend in the last five years, growing at a compounded annual growth rate (CAGR) of ~21% driven by better execution of orders in hand, absolute scale continues to be modest. TOI stood at ₹110.31 crore in FY25, marginally lower than ₹115.61 crore in FY24. Small scale of operations constrains the firm's financial flexibility, particularly in periods of stress and limits its ability to derive benefits from economies of scale.

In 9MFY26, the firm achieved a TOI of ₹85.76 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) of ₹10.72 crore. Going forward, TOI is expected to improve gradually, supported by timely execution of the existing order book.

Tender driven nature of business and highly competitive industry

RKC's revenue stream is largely derived from tender based projects, making its success contingent on its ability to secure these contracts. Intense competition in the industry with direct competition from organised and unorganised players in the market given the low barriers to entry, puts immense pressure on profit margins. However, promoters' extensive experience in the construction industry, spanning three decades, serves as a mitigating factor against this risk.

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

Constitution as a proprietorship firm

Being a proprietorship firm, RKC is exposed to inherent risk of capital being withdrawn at time of personal contingency and firm being dissolved on death/insolvency of proprietors. Proprietorship entities have restricted access to external borrowing as credit worthiness of partner would be key factors affecting credit decision for lenders. In FY25, the proprietor withdrew ₹4.84 crore of capital (PY: ₹4.42 crore).

Leveraged capital structure and moderated debt coverage indicators

The firm's capital structure remained leveraged, characterised by an overall gearing of 2.17x as on March 31, 2025, compared to 1.98x as on March 31, 2024. Interest coverage ratio moderated to 4.48x in FY25 from 5.47x in FY24, primarily due to a slight moderation in the operating margins.

The total debt to gross cash accruals (TD/GCA) ratio deteriorated and stood at 5.63 years as on March 31, 2025, against 4.79 years in the previous year, driven by lower cash accruals and higher debt levels.

Going forward, capital structure is expected to improve gradually, supported by growth in scale of operations and accretion of profits to net worth, which is likely to strengthen the firm's overall financial risk profile.

Key strengths

Experienced promoters with long track record of operation

RKC has been in operation since 2008, accordingly has a long track record of operation. The firm is managed by Rajendra Shangari, proprietor, and a team of experienced personnel. The proprietor has around three decades of experience in the construction industry.

Moderate order book position and reputed clientele resulting in minimal default risk

As on December 31, 2025, the firm has an order book position of ₹206.36 crore, ~1.87x of FY25 revenue, which provides revenue visibility in the near-to-medium term to an extent. The firm receives orders from reputed organisations such as Tata Steel Limited and its associate companies and Public Works Departments of Jharkhand and Bihar.

Satisfactory profitability margins

The firm executes small size of projects, where margin remains stable and rangebound. Operating margin remained satisfactory with slight moderation to 9.91% in FY25 against 10.57% in FY24.

Liquidity: Adequate

The firm's liquidity position is adequate with GCA of ₹7.88 crore in FY25 against debt repayment obligations of ~₹3.60 crore for FY25. Going ahead, the firm is expected to generate sufficient accruals to meet its debt repayment obligations of ~₹4 crore in FY26. The firm had liquidity of ₹38.43 crore as of March 31, 2025, including fixed deposits (FDs) of ₹31.61 crore. Average monthly utilisation of fund-based working capital limits stood at ~80-90% for 12-month period ended February 28, 2026.

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

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

RKC was established in 2008 in Jamshedpur. RKC is a relatively small sized Jharkhand-based firm engaged in providing different types of civil construction services, which include land development, construction of roads, bridges and other constructions. The firm is entitled as Class 1 contractor of Central Public Works Department and a registered contractor of the Tata group. Day-to-day operations are looked after by Rajendra Shangari with the help of a team of experienced personnel.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	115.61	110.31	85.76
PBILDT	12.22	10.93	10.72
PAT	5.36	5.37	NA
Overall gearing (times)	1.98	2.17	NA
Interest coverage (times)	5.47	4.48	NA

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:
CRISIL Ratings has conducted the review basis best available information and has classified RKC as "Not cooperating" vide its press release dated March 12, 2025. The reason provided by CRISIL Ratings is non-furnishing of requisite information for monitoring of ratings and non-submission of NDS for the last three months.

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		-	-	-	25.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	31-12-2026*	10.00	CARE BB; Stable

*Maturity date is pertaining to term loan of ₹1.76 crore and remaining rated term loan of ₹8.24 crore is proposed.

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-Cash Credit	LT	25.00	CARE BB; Stable	-	1)CARE BB; Stable (13-Mar-25) 2)CARE B-; Stable; ISSUER NOT COOPERATING* (02-Aug-24)	1)CARE B; Stable; ISSUER NOT COOPERATING* (23-May-23)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (18-May-22)
2	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)Withdrawn (13-Mar-25) 2)CARE A4; ISSUER NOT COOPERATING* (02-Aug-24)	1)CARE A4; ISSUER NOT COOPERATING* (23-May-23)	1)CARE A4; ISSUER NOT COOPERATING* (18-May-22)
3	Fund-based - LT-Term Loan	LT	10.00	CARE BB; Stable	-	1)CARE BB; Stable (13-Mar-25)	-	-

LT: Long term; ST: Short term
*Issuer did not cooperate; based on best available information.

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

Annexure 5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities combined- 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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About us:

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