Press Release

RKEC Projects Limited

March 27, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	359.75	IVR D (IVR D)	IVR BBB/RWDI (IVR Triple B; Rating Watch Developing Implication)	Rating removed from Watch and Downgraded	Simple
Long Term Bank Facilities-Proposed	129.75	IVR D (IVR D)	IVR BBB/RWDI (IVR Triple B; Rating Watch Developing Implication)	Rating removed from Watch and Downgraded	Simple
Total	**489.50**	**Rupees Four Hundred Eighty-Nine Crore and Fifty Lakhs Only**			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics valuation and Ratings Ltd (IVR) has downgraded the ratings assigned to the bank facilities of RKEC Projects Limited (RPL) following the feedback received from one of the lenders regarding delay in serving term loan instalment in the month of March 2026. The delays in debt servicing reflects RKEC's ongoing liquidity constraints.

The rating continues to be constrained by decline in profitability margins and debt protection metrics in FY2025 and decline in 9MFY26 performance and tender based nature of business. The rating also takes into account established track record of operations and experienced management, demonstrated track record with proven project execution capability, reputed clientele and healthy order book.

Key Rating Sensitivities:

Upward Factors

- Timely servicing of debt obligations continuously for minimum of 90 days.

Downward Factors: Not Applicable.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of operations and experienced management:**
  The company commenced its operations in 2005 and has a successful track record of around of more than 15 years in the existing line of business. Overall activities of RPL are managed by Garapati Radhakrishna (Chairman) who has more than three decades of experience in current line of business. He is ably supported by other three directors namely Mr. R. Jayachandran, Ms. Garapati Parvathi Devi and Garapati Ram Mohan. These directors are ably supported by qualified and well experienced management team. Over the years they have built strong relationships with customers and suppliers.

- **Demonstrated track record with proven project execution capability:**
  RPL has long track record of more than a decade in EPC segment. Over the years of its operation the company has gradually established its credentials and successfully executed many projects. In order to manage the projects in a better way and to grow in a balanced way, the company has a policy to take up short to medium term projects (18-36 months) and handle limited number of projects at a time to ensure timely completion. The repeat orders received from its clientele validate its execution capabilities.

- **Reputed clientele:**
  The company is dealing with government and private clients namely, Military Engineering Services, Director General Navy Projects, Public Welfare Department, Hindustan Petroleum Corporation Limited, Vishakhapatnam Smart City Cooperation and various ports like Haldia Port Trust, Visakhapatnam Port Trust, Cochin Port Trust, Gujarat Maritime Board, Maharashtra Maritime Board etc. The company has been associated with most of the key clients for a long time, and the successful execution of the projects has also helped it in getting repeat orders. Due to reputed client profiles, the company has low counterparty credit risk although at times, there can be delays in the realization of some bills.

- **Healthy order book:**
  The company has a healthy unexecuted order book position to the tune of about Rs. 940.72 crore as on 31st December 2025 which is to be executed within 2-3 years, thereby providing moderate revenue visibility over medium term.

Key Rating Weaknesses

- **Delays in debt servicing due to stretched liquidity:**
  There have been recent delays in debt servicing due to delay in receiving the billed revenue for the completed projects, which lead to stretched liquidity position in the month of March 2026.

- **Decline in profitability margins and debt protection metrics:**
  The company's EBITDA and net profit margins declined to 12.90% and 4.94% respectively in FY2025 as compared to 13.85% and 5.76% respectively in FY2024, due to increase in operating expenses and finance cost. In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) declined to 2.64x and 1.60x respectively in FY2025 from 3.24x and 2.24x respectively in FY2024. Overall gearing has gone up to 1.07x in FY2025 from 0.71x in FY2024 due to increase in debt levels.

- **Decline in 9MFY26 financial performance:**
  Total Operating Income (TOI) fell by 50.17% to Rs. 139.76 crore in 9MFY26, compared to Rs. 280.50 crore in 9MFY25. EBITDA decreased by 43.08% to Rs. 24.71 crore from Rs. 43.42 crore in the corresponding period. PAT declined sharply by 60.89% to Rs. 6.77 crore. The significant drop in revenue, coupled with higher operating costs, adversely affected overall profitability during the period.

- **Tender based nature of business:**
  The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organized and unorganized players tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution etc.

Analytical Approach: For arriving at the ratings, IVR has analysed RPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

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

Liquidity – Poor

The liquidity position of the company remains poor since delays in the debt servicing obligations have been observed recently.

About the Company

RKEC Projects Limited (RPL), incorporated in April 2005 as private limited company in Vishakhapatnam, Andhra Pradesh. Subsequently was converted to public limited company in November 2016. The company got listed on NSE in October 2017. Prior to this company the promoters were running a sole proprietorship firm under the name of RK Engineers and Contractors since 1985 which was taken over by the private limited company in 2005. It is currently being managed by directors Mr. Garapati Radhakrishna), Ms. Garapati Parvathi Devi and Mr. Garapati Ram Mohan. The company is engaged in civil construction work related to industrial projects, marine projects & bridges projects. The company is "Super Special Class" registered contractors with Ministry of Defence which gives unlimited tendering capability. It is also registered as 'Special Class - Civil' contractor for Roads & Bridges department, Government of Andhra Pradesh and 'Super Class' civil contractor for Public Works Department (PWD), Government of Odisha.

Financials (Standalone):

(Rs. crore)

For the year ended as on	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	341.09	399.02
EBITDA	47.25	51.46
PAT	19.87	20.03
Total Debt	120.09	201.63
Tangible Networth	168.43	188.39
EBITDA Margin (%)	13.85	12.90
PAT Margin (%)	5.76	4.94
Overall Gearing Ratio (x)	0.71	1.07
Interest Coverage Ratio (x)	3.24	2.64

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Type of Instrument/ Facility	Current Ratings (Year 2025-26)						Rating History for the past 3 years	
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned February 19, 2026	Date(s) & Rating(s) assigned September 02, 2025	Date(s) & Rating(s) assigned in 2024-25 24 June 2024	Date(s) & Rating(s) assigned in 2023-24 12 May 2023	Date(s) & Rating(s) assigned in 2022-23 10 Mar 2023
1.	Fund Based	Long Term	93.00	IVR D	IVR BBB /RWDI*	IVR BBB /Stable	IVR BBB /Positive	IVR BBB /Stable	IVR BBB /Stable
2.	Non-Fund Based	Long Term	266.75	IVR D	IVR BBB /RWDI*	IVR BBB /Stable	IVR BBB /Positive	IVR BBB /Stable	IVR BBB /Stable
3.	Fund Based-Proposed	Long Term	31.50	IVR D	IVR BBB /RWDI*	IVR BBB /Stable	IVR BBB /Positive	IVR BBB /Stable	-
4.	Non-Fund Based-Proposed	Long Term	98.25	IVR D	IVR BBB /RWDI*	IVR BBB /Stable	IVR BBB /Positive	IVR BBB /Stable	-

** Rating watch with Developing implications.*

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit (CC)	-	-	-	81.50	IVR D
Bank Guarantee (BG)*	-	-	-	266.75	IVR D
Term Loan GECL-1	-	-	Dec 2027	9.37	IVR D
Equipment Term Loan-1	-	-	Oct 2029	0.16	IVR D
Term Loan	-	-	Aug 2031	1.97	IVR D
Proposed-CC	-	-	-	31.50	IVR D
Proposed-BG	-	-	-	98.25	IVR D

*****_BG Tenor is more than 1 year_

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_RKEC_Projects27_March26_77ff423dc0.pdf

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.