Rating Rationale

7 Aug 2026

RK Steels

Brickwork Ratings upgrades the long-term ratings to BWR BBB- /Stable and removed from the Issuer Not Cooperating category for the bank loan facilities aggregating to Rs.72.00 Crs of RK Steels and also withdraws the long-term rating of Rs.20.00 Crs.

Particulars:

Facilities**	Amount (Rs.Crs.)		Tenure	Rating*		Regulator
	Previous	Present		Previous (19 Sep 2025)	Present	
Fund Based	20.00	**0.00**	Long Term	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	**Withdrawal**	RBI
	28.00	**53.00**			**BWR BBB- / Stable Removal from ISSUER NOT COOPERATING* Category/Upgraded**	
	10.00	**15.00**				
	10.00	**4.00**				
Grand Total	68.00	**72.00**	**(Rupees Seventy Two Crores Only)**			

*Please refer to BWR website **www.brickworkratings.com/** for definition of the ratings
** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings upgrades the long-term ratings to BWR BBB- /Stable and removed from the Issuer Not Cooperating category for the bank loan facilities aggregating to Rs.72.00 Crs of RK Steels and also withdraws the long-term rating of Rs.20.00 Crs.

The rating draws strength from the extensive experience of the partners, long-standing relationships with reputed suppliers through authorized distributorships, established market position in the steel trading business, moderate financial risk profile, and adequate liquidity. However, the rating remains constrained by the inherently thin profitability associated with the steel trading business, susceptibility of margins to volatility in steel prices, the highly fragmented and competitive nature of the industry, and the partnership constitution risk.

The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. BWR believes RK Steels’s business and financial risk profile will be maintained over the medium term. The outlook may be revised to Positive if a sustained increase in the scale of operations and higher than envisaged profitability result in an improved financial risk profile and leading to stronger cash accruals and improved leverage. The outlook may be revised to Negative if lower than expected revenue or profitability, deterioration in leverage indicators, or any stress in servicing debt obligations..

For assigning the rating, BWR has relied upon the last 3 years of audited financials till FY25, provisional for FY26, and projected financials for FY27 & FY28, and publicly available information and clarification provided by management.

KEY RATING DRIVERS

Credit Strengths-:

- **Extensive experience of Partners :**
  The firm is presently being managed by Mr Kailash Chand Agarwal and Mr Ramesh Chand Agarwal having a cumulative experience of more than three decades in the same line of business and have developed healthy relations with its customers and suppliers with a healthy understanding of market dynamics.
- **Authorized distributorship of Reputed Business Groups :**
  The firm is an authorized distributor of long & flat steel products and thermo-mechanically treated (TMT) bars for JSW Steel Limited (JSWSL), SAIL and Jindal Steel and Power Limited. Apart from these, they also have dealership of products of Steel Authority of India Ltd. (SAIL). Through the distributorship of these companies, the entity ensures quality supplies of in-demand products, which provides RKS a competitive edge over its peers.
- **Moderate financial risk profile:**
  The financial risk profile is characterized by a comfortable capital structure with tangible net worth of Rs. 84.59 crore, moderate leverage marked by TD/TNW and TOL/TNW of 0.73x and 1.05x, respectively in FY26 (Prov). The debt protection metrics improved with ISCR and DSCR of 2.26x and 2.17x, respectively. Further, the current ratio remained comfortable at 1.50x, supporting adequate liquidity.

Credit Risks-:

- **Thin Profitability and Susceptibility to Commodity Price Volatility :**
  The firm's credit profile remains constrained by the inherently thin-margin nature of the steel trading business and its susceptibility to fluctuations in steel prices. Despite maintaining a healthy scale of operations with total operating income of Rs. 750.00 crore in FY26 (Prov.), the operating and net profit margins remained modest at 2.30% and 1.13%, respectively. The commodity nature of steel products and limited pricing power expose the firm to volatility in steel prices and demand-supply dynamics, which may adversely impact inventory valuation and profitability.
- **Highly fragmented and competitive industry :**
  RKS belongs to a highly competitive & fragmented steel trading industry with a number of small-sized & mid-sized players engaged in the trading of various steel products. Furthermore the steel industry is cyclical in nature and is linked to the fortunes of key end-user sectors, given the close linkage between the growth of the industry and the domestic and global economy. While there has been a significant push by the government on steel-intensive sectors such as railways and infrastructure, any downturn in the economic cycle will adversely impact demand. Any significant change in the demand and pricing scenario will remain a key monitorable.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has considered the standalone performance of the firm. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES
Going forward, the ability of the firm to improve its scale of operations, profitability margins, overall credit risk profile and efficiently manage its working capital requirement would be the key rating sensitivity.

Positive :

- Conversion of the partnership firm into a corporate entity (Private Limited/Limited Company), resulting in improved governance and reduced partnership constitution risk.
- Sustained improvement in the scale of operations with TOI exceeding Rs. 850 crore while maintaining operating margins above 3.5%.

Negative :

- Significant deterioration in profitability with EBITDA margins falling below 2.0% or sustained decline in PAT generation..
- Significant withdrawal of capital by partners or any adverse change in the partnership constitution affecting the financial risk profile.

LIQUIDITY INDICATORS - Adequate
The firm's liquidity profile remains adequate, supported by moderate internal cash accruals and continued promoter support. The net cash accrual for FY26 stood at about Rs.4.23 crore against no CPLTD. The current ratio remained moderate at 1.50 times in FY26 and is projected to improve to about 1.53 times in FY27. Further comfort is derived from the presence of unsecured loans from the partners, treated as quasi-equity, which provide financial flexibility. The average utilization of the cash credit facilities over the past 12 months stood at a moderate 80%. Hence, additionally, it has a buffer available in cash credit, and therefore, the liquidity is assessed as adequate.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Established in the year 1983 R K Steels a Jaipur-based partnership firm, is engaged in the business of trading of flat and long steel products and is an authorized distributor of long and flat steel products of SAIL, Jindal Steel & Power Limited as well as TMT bars manufactured by JSW Steel Limited. The firm is presently being managed by partners Mr Kailash Chand Agarwal and Mr Ramesh Chand Agarwal, having an equal profit-sharing ratio.

RK Steels specializes in the distribution and trading of a wide range of steel products catering to infrastructure, construction, industrial, and engineering sectors.

ESG Profile
The firm demonstrates an evolving ESG profile based on its environmental, social, and governance practices.

Environmental: Environmental risks in trading companies are primarily related to energy use, emissions from logistics and operations, waste generation, water consumption, and compliance with environmental regulations. Key disclosures include energy usage, waste handling and recycling practices, and any past violations or penalties. The firm adheres to all industry norms and requirements.

Social: Social factors focus on labour practices, workforce welfare, diversity and inclusion, training and development, and community engagement. Metrics include workforce composition, employee safety and training programs, adherence to labour laws, and initiatives supporting social equity and employee growth.

Governance: Governance assessment emphasizes board structure, independence, and expertise, risk management and compliance frameworks, ethical conduct and anti-corruption policies, stakeholder engagement practices, data security and cybersecurity measures, and compliance with trading regulations.

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 23-24	FY 24 - 25	FY 25 - 26
Result Type		(Audited)	(Audited)	(Provisional)
Operating Revenue	Rs. Crs.	727.56	763.71	750.00
EBITDA	Rs. Crs.	9.56	15.64	17.27
PAT	Rs. Crs.	2.18	4.89	8.46
Tangible Net Worth	Rs .Crs.	70.44	78.68	84.59
Total Debt /Tangible Net Worth	Times	0.75	0.70	0.73
Current Ratio	Times	1.60	1.47	1.50

KEY COVENANTS OF THE FACILITY RATED
The terms of sanction include standard covenants normally stipulated for such facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA
- Infomeric Ratings has downgraded the long-term rating to IVR B+ /Negative ISSUER NOT COOPERATING on 30 Jul 2026 for the bank loan facilities of Rs. 72 Crs of R.K. Steels on account of non-availability of required information.
- ICRA Ratings has downgraded the long-term ratings to ICRA B+/Stable ISSUER NOT COOPERATING on 16 May 2025 for the bank loan facilities of Rs. 55 Crs of R.K. Steels on account of non-availability of required information.

ANY OTHER INFORMATION
Nil

BRICKWORK RATINGS

RATING HISTORY FOR LAST THREE YEARS (including withdrawal and suspended)

Facilities		Current Rating (2026)		2025		2024		2023	
Type	**Tenure**	**Amount (Rs.Crs.)**	**Rating**	**Date**	**Ratings**	**Date**	**Rating**	**Date**	**Rating**
Fund Based	LT	72.00	BWR BBB-/Stable Removal from ISSUER NOT COOPERATING* Category/Upgraded	19Sep 2025	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	12Jul 2024	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	13Jul 2023	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade
Fund Based	LT	0.00	Withdrawal	19Sep 2025	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	12Jul 2024	BWR BB /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	13Jul 2023	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade
Grand Total		**72.00**	**(Rupees Seventy Two Crores Only)**						

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Trading Entity
- BWR Withdrawal Policy
- Policy on Issuer Non-Cooperation

Analytical Contacts	
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RK Steels

ANNEXURE I
Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	**State Bank of India (SBI)**	Cash Credit -Sanctioned	53.00	-	53.00	Simple
2	**State Bank of India (SBI)**	Electronic Dealer Finance System (e-DFS)-Sanctioned	15.00	-	15.00	Simple
3	**State Bank of India (SBI)**	Electronic Dealer Finance System (e-DFS)-Sanctioned	4.00	-	4.00	Simple
Total			**72.00**	**-**	**72.00**	Simple
(Rupees Seventy Two Crores Only)						

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com / download / ComplexityLevels.pdf. Investors queries can be sent to **info@brickworkratings.com**.

ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III
List of entities consolidated
NIL

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

ANNEXURE IV - List of Instruments and Regulators

Instrument / Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs 2	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme 3	-
Issuer Ratings 4	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	Investor-side Regulator such as IRDAI, PFRDA 5
Monitoring Agency	SEBI

Research activities, incidental to rating, such as research for Economy, Industries and Companies 6	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. 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), BWR shall separately capture the rated quantum details along with names of respective regulators.
4. There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
5. These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. 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
For any grievances relating to rating of instruments regulated by other FSR (Financial Sector Regulators), please contact grievance@brickworkratings.com.

About Brickwork Ratings
Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.
Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

For more information on policies and ratings, please visit our website **www.brickworkratings.com**