



Press Release

Kishore Infrastructures Private Limited (KIPL)

August 28, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	19.84	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Long term Bank Facilities	10.16	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	--	Assigned	Simple
Short term Bank Facilities	130.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Short term Bank Facilities	40.00	IVR A3 (IVR A Three)	--	Assigned	Simple
Total	200.00 (Rs. Two Hundred crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of KIPL which continues to derive strength from its experienced promoters, healthy order book position, increase in total operating income and profitability in FY24 (P) (period refers from April 1, 2023 to March 31, 2024) and moderate financial risk profile. However, these rating strengths are partially offset by susceptibility of its profitability to volatile input prices, exposure to intense competition and geographical concentration risk.

The ratings have been assigned a stable outlook on account of healthy order book position providing medium term revenue visibility and as the KIPL's business and financial risk profile is expected to be remain stable over the medium term.

Key Rating Sensitivities:

Upward Factors

- Substantial growth in scale of operations with improvement in profitability on a sustained basis
- Improvement in the overall financial risk profile and the liquidity position.



Press Release

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis
- Any deterioration in its liquidity profile with elongation in operating cycle.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Significant experience of the promoters**

KIPL is promoted by Mr. Gadiraju Venkatasatya Kishore Raju having more than two decades of experience in power distribution and transmission business. The other promoters, namely Mr. Krishnam Raju Gadiraju is having around a five decade of experience and Ms. Parvathi Gadiraju is having around seven years of experience. The promoters are actively engaged in day-to-day affairs of the company, ably supported by a well experienced second line of executives.

- **Healthy order book position**

As on 31st March 2024 KIPL has a unexecuted order book of 577.48 crore (4x of FY24(P) revenue) provides strong revenue visibility. KIPL receives order from Maharashtra State Electricity Distribution Co Ltd, Karnataka Power Transmission Corporation Limited, East Coast Railway and other government entities.

- **Stable Operating Profile**

Total operating income has improved by 84% on y-o-y basis during FY24 to Rs.133 crore driven by steady execution of orders. Further, with current order book, IVR expects KIPL to maintain stable revenue growth through FY25-FY27. EBITDA margin has substantially improved to 9.82% in FY24 (P) against 2.06% in FY23, mainly on account of decrease in sub-contracting expenses. PAT margin has improved to 4.50% in FY23 (P.Y.: 2.04%), mainly on account of non-operating income of Rs.6.03 crore which mainly includes other income of Rs.5.26 crore. The other income is related to earlier provision which reversed to the other income. Further, PAT margin has remained stable at 4.57% in FY24 (P).



Press Release

- **Moderate financial risk profile**

The overall gearing ratio on Adjusted Tangible Net Worth (ATNW) and TOL/ATNW have marginally deteriorated and stood at 0.97x and 2.80x as on March 31st, 2024 (P) (P.Y. – 0.72x and 2.65x) mainly due to increase in bank borrowings. The interest coverage remained moderate and at 2.41x in FY24 (P) (P.Y.: 0.59x). Total debt/ NCA stood at 6.88 years in FY24 (P) (P.Y.: 6.40 years). Total debt mainly consists of working capital facilities.

Key Rating Weaknesses

- **Susceptibility of its profitability to volatile input prices**

Major raw materials used in power distribution and transmission activities are cables and wires which are usually sourced from suppliers located nearby. Any significant increase in the materials prices will impact the profitability margins of the company.

- **Presence in a highly fragmented and competitive sector with significant price war**

The domestic power and energy sector is highly crowded with presence of many players. Boom in the power and energy sector, resulted in increase in the number of players. While the competition is perceived to be healthy, significant price cut by few players during the bidding process is a matter of concern as the same can dent the margins of the industry.

- **Geographical concentration risk**

KIPL is exposed to geographical concentration risks as ~46% of the revenue was generated from the state of Maharashtra and ~38% from Madhya Pradesh in FY24. However, the company is planning to expand its scale of operations in other states as well.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

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

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)



Press Release

Liquidity – Adequate

KIPL's liquidity is expected to remain adequate given the expected cash accruals in the range of Rs.16.64 crore to Rs.23.24 crore in the period of FY25 to FY26 as against the minimal repayments of Rs.0.90 crore to Rs.1.82 crore during FY25-FY27. The free cash and cash equivalents balance stood at Rs.18.05 crore as on March 31, 2024, while average working capital utilisation for the 12 months ended June 2024 remained moderate at ~75%. Current ratio stood at 1.49x as on March 31, 2024 (P).

About the Company

Hyderabad based, KIPL is promoted by Gadiraju Venkatasatya Kishore Raju, Krishnam Raju Gadiraju and Parvathi Gadiraju. KIPL was incorporated in the year 2010. KIPL is engaged in execution of power distribution projects, transmission projects, railway electrification projects, and construction of residential & commercial projects. KIPL takes governments projects for execution by participating in tender bidding. KIPL has executed projects for State government of Rajasthan, Madhya Pradesh, Uttar Pradesh, Maharashtra, Jharkhand, Telangana, Andhra Pradesh, and Karnataka.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	72.45	133.00
EBITDA	1.49	13.06
PAT	3.53	6.11
Total Debt	24.45	43.91
Tangible Net Worth	33.97	45.27
EBITDA Margin (%)	2.06	9.82
PAT Margin (%)	4.50	4.57
Overall Gearing Ratio (x)	0.72	0.97
Interest Coverage (x)	0.59	2.41

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Acuite ratings has continued to classify the bank facilities under the ISSUER NOT CO-OPERATING category on account of non – availability of information vide it's press release dated on April 15, 2024.



Press Release

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					June 9, 2023	-	-
1.	Open Cash Credit	Long Term	16.00	IVR BBB- / Stable	IVR BBB- / Stable	-	-
2.	Open Cash Credit	Long Term	10.00	IVR BBB- / Stable	-	-	-
3.	Proposed Open Cash Credit	Long Term	0.16	IVR BBB- / Stable	-	-	-
4.	Proposed Open Cash Credit	Long Term	3.13	IVR BBB- / Stable	IVR BBB- / Stable	-	-
5.	GECL	Long Term	0.71	IVR BBB- / Stable	IVR BBB- / Stable	-	-
6.	Bank Guarantee	Short Term	40.00	IVR A3	IVR A3	-	-
7.	Bank Guarantee	Short Term	15.00	IVR A3	-	-	-
8.	Letter of Credit	Short Term	40.00	IVR A3	IVR A3	-	-
9.	Letter of Credit	Short Term	10.00	IVR A3	-	-	-
10.	Proposed Bank Guarantee / Letter of Credit	Short Term	50.00	IVR A3	IVR A3	-	-
11.	Proposed Bank Guarantee / Letter of Credit	Short Term	15.00	IVR A3	-	-	-

Analytical Contacts:

Name: Nilesh Gupta

Tel: (022) 62396023

Email: nilesh.gupta@infomerics.com

Name: Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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).



Press Release

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 and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Open Cash Credit	-	-	-	-	26.00	IVR BBB-/ Stable
Proposed Open Cash Credit	-	-	-	-	3.29	IVR BBB-/ Stable
GECL	-	-	-	March 30, 2025	0.71	IVR BBB-/ Stable
Bank Guarantee	-	-	-	-	55.00	IVR A3
Letter of Credit	-	-	-	-	50.00	IVR A3



Press Release

Proposed Bank Guarantee / Letter of Credit	-	-	-	-	65.00	IVR A3
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Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Kishore-aug24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined 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.