



Press Release

HES Infra Private Limited (HIPL)

April 25th, 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund -Based Bank Facilities	93.88	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	--	Rating Assigned	Simple
Short Term Non - Fund - Based Bank Facilities	765.00	IVR A3+ (IVR A Three Plus)	--	Rating Assigned	Simple
Short Term Non - Fund - Based Bank Facilities – Proposed	66.00	IVR A3+ (IVR A Three Plus)	--	Rating Assigned	Simple
Total	Rs.924.88 crore (Rupees Nine hundred and twenty-four crore and eighty-eight lakhs 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 has assigned the ratings to the bank facilities of HIPL derives comfort from sustained improvement in revenue on y-o-y basis along with stable operating profitability, the rating strengths also derives from strong and diversified order book position, comfortable debt protection metrics, capital structure and experienced promoters. These strengths are offset by elongated working capital cycle, stalled projects worth of Rs.2,456 crore, risks associated with land acquisitions, and long duration of execution of order book.

The Stable outlook reflects Infomerics expectation of HIPL will be able to maintain stable revenue growth along with stable profitability and stable working capital cycle over FY26-FY28

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in working capital cycle along with stable revenue growth and operating profitability along with maintaining capital structure at the current levels.



Press Release

Downward Factors

- Any further deterioration in working capital cycle and/or sustained decline in revenue and profitability and/or any unplanned debt led capex and/or any significant contingent liabilities arising from on-going projects or stalled projects leading to deterioration in liquidity position and capital structure of the company.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Strong order book position provides medium-term revenue visibility

As on 31st March 2025, HIPL's order book position stood at Rs. 10,587 crore (excluding stalled projects, 6.55x of FY24 revenue), providing medium-term revenue visibility. Majority of the projects are from irrigation segment (87%), followed by roads and tunnels. As per management, land acquisition issues for most of the projects has been resolved and execution is expected to pick up from FY26 onwards. Infomerics also notes that two projects worth of Rs.280 crore from state of Andhra Pradesh which was cancelled by the Government will be up again for retendering. HIPL's bank guarantee worth Rs.42 crore has been stuck in these two projects which is also expected to release during 1QFY26. Release of these bank guarantees improve its liquidity position

Stable revenue growth and profitability

HIPL has maintained stable revenue growth over FY23-FY24 and earned revenue of Rs.1,616 crore at the end of FY24 (period refers from 01st April 2023 to 31st March 2024) as compared to Rs.1,613 crore in FY23 driven by steady execution of orders. Further, HIPL has earned revenue of Rs.1,703 crore as per provisional figures for FY25. HIPL has able to maintain stable operating profitability above 10% over FY21-FY24 with strong execution abilities and expected to maintain similar margins over medium term.

Robust financial risk profile

HIPL's capital structure remain robust reflects by overall gearing and TOL/TNW of 0.25x and 0.76x respectively as on 31st March 2024 (31st March 2023: 0.30x and 0.82x respectively). HIPL does not have any long-term loans and only have working capital facilities. As per management, HIPL does not have any debt led capex plans in the medium term. HIPL EBITDA interest coverage ratio of 4.66x at the end of FY24 (FY23:4.57x). Infomerics expects HIPL's



Press Release

DSCR will remain comfortable on the back of negligible debt repayments and expected strong cash accruals.

Experienced partners with long track record of operation

HIPL is promoted by Mr. IVR Krishnam Raju. The promotor of the company have an experience of more than three decades in civil work industry. He is actively involved in day-to-day management of the business and are well assisted by effectively qualified second-tier management.

B. Key Rating Weaknesses

Elongated working capital cycle

HIPL's working capital intensity remained high with Net working capital /Operating Income at 37% in FY24 owing to high receivables. The receivable days remained high and at 124 in FY24, due to delay in receipt of receivables from Government of Andhra Pradesh and Telangana as well as large amount of retention money. As per management, HIPL has recovered around Rs.100 crore of receivables during FY25 and expected to receive around Rs.50 crore during 1QFY26 from stalled projects from the state of Madhya Pradesh and Andhra Pradesh.

High geographical concentration risk and Long Gestation Period of the project

HIPL is exposed to geographical concentration risk as Madhya Pradesh and Telangana accounts 72% of the order book. As majority of the order book is related to irrigation sector initial land acquisition takes lot of time hence for most of the projects not able to execute within the deadline.

Analytical Approach: Standalone Approach

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](#)



Press Release

Liquidity: Adequate

HIPL's average utilisation of the fund-based limits was 70% for the 12 months ended December 2024. HIPL is likely to have a comfortable debt service coverage ratio of 1.89x – 2.78x over FY25-FY27, due to its moderate repayment obligations coupled with expected improvement cash accruals. HIPL has debt repayment of Rs.28.76 crore and Rs.26.13 crore for FY26 and FY27 respectively. Current ratio stood at 2.12x as on March 31st, 2024. Cash flow from operations remained positive and at 176.26 crore during FY24. The working capital cycle stood at 109 days in FY24 (FY23: 103 days)

About the company

Initially incorporated as partnership firm in 1997 by M Kesava Raju and IVR Krishnam Raju in the name Hindustan Engineers Syndicate. Later, the firm was reconstituted as a private limited company name of the firm has changed to current name

HIPL undertakes civil contracting works for various kinds of bridges, aqueducts, road over bridges, railway bridges and irrigation work such as reservoirs, dams, spillways, canals, tunnels, among others. Presently, the HIPL is operating in Andhra Pradesh, Telangana, Madhya Pradesh, Gujarat, Uttar Pradesh, Uttarakhand, Himachal Pradesh and Tamil Nadu.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	1613.22	1616.50
EBITDA	162.90	172.33
PAT	70.97	80.57
Total Debt	264.07	238.22
Tangible Net Worth	889.62	970.19
EBITDA Margin (%)	10.10	10.66
PAT Margin (%)	4.37	4.97
Overall Gearing Ratio (x)	0.30	0.25
Interest Coverage (x)	4.57	4.66

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None.

Rating History for last three years:



Press Release

Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024- 25	Date(s) & Rating(s) assigned in 2023- 24	Date(s) & Rating(s) assigned in 2022- 23
Long Term Fund -Based Bank Facilities	Long Term	93.88	IVR BBB/ Stable	--	--	--
Short Term Non - Fund - Based Bank Facilities	Short Term	765.00	IVR A3+	--	--	--
Short Term Non - Fund - Based Bank Facilities – Proposed	Short Term	66.00	IVR A3+	--	--	--

Name and Contact Details of the Rating Analyst:

Name: Amey Joshi
Tel: (022) 62396023
Email: amey.joshi@infomerics.com

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



Press Release

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy, or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned / Outlook
Long Term Bank Facilities – GECL	--	--	March 2026	1.33	IVR BBB/ Stable
Long Term Bank Facilities – GECL	--	--	March 2026	2.55	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	30.00	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	23.00	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	5.00	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	32.00	IVR BBB/ Stable
Short Term Bank Facilities – Bank Guarantees	--	--	--	268.00	IVR A3+
Short Term Bank Facilities – Bank Guarantees	--	--	--	66.50	IVR A3+
Short Term Bank Facilities – Bank Guarantees	--	--	--	98.00	IVR A3+
Short Term Bank Facilities – Bank Guarantees	--	--	--	332.50	IVR A3+
Short term non-fund-based Bank Facilities - Proposed	--	--	--	66.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-HESInfra-apr25.pdf>

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



Press Release

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.