



Press Release

DRS Infratech Private Limited

July 14, 2025

Ratings

Instrument/Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Facilities	20.00	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	-	Assigned	Simple
Short Term Facilities	180.00	IVR A3 (IVR A Three)	-	Assigned	Simple
Total	200.00 (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 assigned its rating to the bank facilities of DRS Infratech Private Limited (DRSITPL) based on strengths derived from proven track record and experienced promoters in construction industry, comfortable debt protection metrics & capital structure, modest scale of operations with moderate profitability margins and healthy order book position. The rating is however constrained by tender-based nature of operations with intense competition in the industry and concentration risk.

The stable outlook reflects the fact that the entity will continue to benefit from the proven track record and experienced promoters in construction industry.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in total operating income and/or EBITDA margins while maintaining the debt protection metrics and capital structure.

Downward Factors

- Any decline in total operating income and/or EBITDA margin leading to deterioration in debt coverage indicators and/or any stretch in operating cycle impacting the liquidity position and capital structure
- Any delay in execution of existing order book as envisaged affecting the cash flow generating ability of the company.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Proven track record and experienced promoters in construction industry**

DRS Infratech Private Limited is an infrastructure, engineering, and construction company headquartered in Hyderabad. Initially founded in 1994 as DRS Engineers and Contractors, it was restructured into DRS Infratech Private Limited in 2007. With expertise in civil, mechanical, and electrical engineering, the company has executed many medium-large-scale projects in water supply, sanitation, solid waste management, irrigation, marine & road works. The promoters are well versed with the intricacies of the business on the back of about three decades of experience in the construction sector. Being in the industry for such a long period has helped the promoters gain adequate acumen for the business. The company is well supported by second line of management. The long-standing experience of the promoters along with demonstrated track record of operations has helped the company in establishing good relations with key stakeholders, which has helped to maintain regular flow of orders.

- **Comfortable debt protection metrics & capital structure**

The debt protection metrics of the company remained satisfactory marked by interest coverage ratio of 5.60x in FY25(Provisional) [refers to period April 1, 2024, to Mar 31, 2025]. Further, total debt to NCA remained at 0.22 times as on March 31, 2025. The DSCR as on March 31, 2025, stood at a comfortable 3.53x. The financial risk profile of the company is marked by comfortable capital structure and debt protection metrics. The overall gearing stood at 0.06x as on March 31, 2025 (FY24(Audited) [refers to period April 1, 2023, to March 31, 2024]: 0.10x). The total indebtedness of the company reflected by TOL/TNW stood at 1.66x as on March 31, 2025 (FY24: 1.68x).

- **Modest scale of operations with moderate profitability margins**

DRSITPL scale of operations remains modest with a total operating income of Rs. 184.11 crore in FY25, compared to Rs. 205.68 crore in FY24 and EBITDA stood at Rs. 15.18



Press Release

crore in FY25 (FY24: Rs. 16.31 crore). The total operating income fell marginally in FY25 to Rs. 184.11 crore due to slowdown in clearance from the government department due to general elections during the first half of FY25. However, the revenue estimated for FY26 and beyond is expected to be achieved by the company. The company's EBITDA margins increased marginally to 8.24% in FY25 compared to 7.93% in FY24. Further, the tangible net worth also increased to Rs. 40.69 crore as on March 31, 2025. The company as of 30th June 2025 has booked revenue of around Rs. 31.26 crore.

- **Healthy order book position**

The company has a good track record of successfully executing various roads and water projects and has a good order book based on its past execution capabilities and timely deliveries. Over the past years, the company has successfully completed many projects in the states of Karnataka, Telangana and Andhra Pradesh. The company has reputed clientele of government bodies like Karnataka Public Works Department. The company has an unexecuted order book position of Rs. 625.08 crore (3.40x of total revenue for FY25) which is scheduled to be completed in 18-24 months thus providing satisfactory revenue visibility in near to medium term. However, the order book is concentrated majorly towards Karnataka state. The ability of the company to execute the same and procure new orders will remain crucial to the overall financial risk profile of the company.

Key Rating Weaknesses

- **Tender-based nature of operations with intense competition in the industry**

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, delay in payments from the government, fluctuating input costs etc. Further, since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully. Further, being a regional player, DRSITPL executes projects largely in Karnataka, Tamil Nadu, Telangana and Andhra Pradesh. Thus, remains



Press Release

susceptible to any slowdown in tenders floated in the region or changes in government policies.

- **Concentration risk**

DRSITPL's focus is mainly on infrastructure work hence, there exists segment concentration risk. Further, the present order book is skewed towards Karnataka state projects indicating a geographical and customer concentration risk. However, the company has adequate experience to execute projects in the state which provide comfort.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Criteria of assigning Rating Outlook](#)

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

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

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

Liquidity – Adequate

DRS Infratech Private Limited liquidity remains adequate as evidenced by the company's working capital utilization which stood at an average of ~ 54.42% against sanctioned limits for the last 12-month period ended May 2025. The company would be able earn a comfortable level of Gross Cash Accruals (GCA) going ahead in FY25, and the same is expected to improve during the projected period with increase in scale of operations which is adequate to meet the repayment obligations. Cash & Bank Balances as on 31st March 2025 stood at Rs. 11.98 Crore. Current Ratio for the company stood at 1.49x as on 31st March 2025.

About the Company

DRS Infratech Private Limited (DRSITPL) is an infrastructure, engineering, and construction company headquartered in Hyderabad. Initially founded in 1994 as DRS Engineers and Contractors, it was restructured into DRS Infratech Private Limited in 2007. The company is



Press Release

primarily engaged in civil, mechanical & electrical engineering infrastructure projects with respect to the water supply, sanitation, solid waste management, irrigation and road works.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	205.68	184.11
EBITDA	16.31	15.18
PAT	9.69	8.85
Total Debt	3.13	2.26
Tangible Net Worth	31.85	40.69
EBITDA Margin (%)	7.93	8.24
PAT Margin (%)	4.69	4.79
Overall Gearing Ratio (x)	0.10	0.06
Interest Coverage (x)	5.49	5.60

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/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
					-	-	-
1.	Cash Credit	Long Term	17.50*	IVR BBB-/ Stable	-	-	-
2.	Overdraft	Long Term	2.50	IVR BBB-/ Stable	-	-	-
3.	Bank Guarantee	Short Term	180.00^	IVR A3	-	-	-

*Includes proposed cash credit of Rs. 3.50 crore

^ Includes proposed bank guarantee of Rs. 60.50 crore

Analytical Contacts:

Name: Amit Bhuwania

Tel: (022) 62396023

Email: abhuwania@infomerics.com



Press Release

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.

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.



Press Release

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
Cash Credit	-	-	-	-	8.00	IVR BBB-/Stable
Cash Credit	-	-	-	-	1.00	IVR BBB-/Stable
Cash Credit	-	-	-	-	5.00	IVR BBB-/Stable
Overdraft	-	-	-	-	2.50	IVR BBB-/Stable
Proposed Cash Credit	-	-	-	-	3.50	IVR BBB-/Stable
Bank Guarantee	-	-	-	-	52.00	IVR A3
Bank Guarantee	-	-	-	-	29.00	IVR A3
Bank Guarantee	-	-	-	-	30.00	IVR A3
Bank Guarantee	-	-	-	-	8.50	IVR A3
Proposed Bank Guarantee	-	-	-	-	60.50	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-DRSITPL-jul25.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.