



Press Release

KSR Infracon Private Limited (KSRIPL)

March 11, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	50.00 (reduced from 52.25)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	Simple
Short Term Facilities	100.00 (increased from 97.75)	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating Upgraded	Simple
Total	150.00 (Rupees One Hundred and Fifty 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 upgraded its rating assigned to the Bank facilities of KSR Infracon Private Limited (KSRIPL) on account of overall improvement in financial and operating performance of the company.

Furthermore, the aforesaid rating continues to derive strength from experienced management with established track record of operations, proven project execution capability & reputed clientele base, improving scale of operations albeit volatile operating margin, moderate financial risk profile and healthy orderbook position and sufficient asset base.

The ratings are however constrained by geographically concentrated business, tender based nature of business and presence in fragmented industry with intense competition and working capital intensive nature of operations

The 'Stable' outlook reflects the company will continue to benefit from the experience of the promoters and healthy unexecuted orderbook position.



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained growth in scale of operations with improvement in profitability while maintaining the debt protection metrics & capital structure, and
- Steady flow of orders & timely execution of the same on a sustained basis

Downward Factors

- Any decline in revenue or profitability leading to deterioration in debt protection metrics, all on a sustainable basis

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced management with established track record of operations

Hyderabad-based KSR Infracon Private Limited, founded in 2004, specializes in the construction sector, particularly focusing on tunnel excavation, powerhouse infrastructure, and irrigation projects. The company is helmed by Managing Director Mr. Koneru Venkateswara Rao, who brings over four decades of industry experience. The directorship team includes Mr. Koneru Tirumala Rao and Mr. Koneru Srinivas Rao, with over two and three decades of experience respectively.

The extensive industry expertise of its promoters, supported by an experienced management team, has enabled KSR Infracon Private Limited to forge strong relationships with stakeholders. This reputation for timely project execution has led to repeat orders from existing clients and the acquisition of new projects.

Proven project execution capability & reputed clientele base

KSR Infracon Private Limited has successfully completed numerous projects over the years, consistently ensuring timely execution of all its undertakings. The repeat orders from its clients stand as a testament to its construction prowess. The company primarily collaborates with government departments such as Railways and State Electricity Boards, alongside a select group of private clients.



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Improving scale of operations albeit volatile operating margin

The total operating income of the company improved to Rs 272.15 Cr in FY24 [Refers to period April 1st, 2023, to March 31st, 2024] (Rs.107.46 Cr in FY23, Rs.88.06 Cr in FY22). As of January 2025, the company has generated revenue amounting to Rs. 230.69 Cr, which represents approximately 70% of the expected revenue for FY25. However, the operating margin has exhibited volatility, standing at 13.97% in FY24 (19.02% in FY23, 13.56% in FY22). This fluctuation is attributed to the company's practice of acknowledging costs upon raw material purchase, while sometimes deferring billing for partially completed work. This results in unbilled revenue or Work-in-Progress (WIP), contributing to the variability in operating margins.

On a positive note, the company's Profit After Tax (PAT) margin has been improving year-on-year, recorded at 5.30% in FY24 (5.03% in FY23, 3.86% in FY22).

Moderate financial risk profile

The financial risk profile of the company stood moderate with its capital structure and debt protection metrics. The networth of the company has improved to Rs.73.11 Cr as on March 31, 2024 as against 51.15 Cr as on March 31, 2023. The gearing has improved and stood at 1.45 times as on March 31, 2024 as against 1.75 times as on March 31, 2023. Interest coverage ratio improved to 3.34 times as on March 31, 2024 as against 2.70 times despite rise in interest cost. DSCR stood at 1.18 times as on March 31, 2024 as against 2.00 times as on March 31, 2023. The promoters have infused capital of Rs.7.5 Cr in FY24 resulting in further strengthening of promoter's support to the business.

Healthy orderbook position and sufficient asset base

The company has unexecuted orderbook of Rs. 1,166.62 Cr as on Feb 01, 2025 providing strong revenue visibility over the medium term. This constitutes 4.29 times of FY24 revenue. The company also executes projects of its group companies highlighting better group synergy. Being in the civil construction sector of the infrastructure department, the company is more dependent on the asset block. The company has done a capex of Rs.53.17 Cr during FY23, which is of the sufficient asset base to execute on the current orders and helps the company to grab new orders as well.

Key Rating Weaknesses



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Geographically concentrated business

The company's business operations are limited to the state of Telangana, Andhra Pradesh, Kerala and Odisha. They have recently started operation in Rajasthan and gradually expanding to other geographies thereby diversifying the risk of concentration. However, the revenues are susceptible to socio-political developments in the said region the company operates.

Tender based nature of business and presence in fragmented industry with intense competition

KSRIPL nature of operations is tender based, the business depends on the ability to bid for contracts successfully. The company's revenue and profitability are susceptible to risks inherent in contract-based operations. Also, Tender based operations limit pricing flexibility in an intensely competitive industry. The particular sector is marked by the presence of several mid to big size players. The company faces competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts. However, this risk is mitigated to an extent as the promoter has been operating in this industry for the last 4 decades and geographical diversification.

Working capital intensive nature of operations

KSRIPL's business is working capital intensive on account of high collection period, blockage of retention money due to long duration of construction projects, which gets released after respective defect liability period. Further, a large part of working capital remains blocked in unbilled contractual revenue. Receivable collection days is improved to 88 days in FY24 as against 171 days in FY23 and 244 days in FY22. The company usually receives amount within 45-60 days from the date of raising the bill. Operating cycle has improved to 100 days in FY24 (FY23: 124 days).

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Criteria on assigning rating outlook](#)

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



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

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

Liquidity – Adequate

KSR Infracon Private Limited (KSRIPL) has demonstrated comfortable liquidity. The company has managed to generate gross cash accruals of Rs. 23.27 crore in FY24, which ensures it has adequate internal funds for debt servicing. The company has also utilized an average of only 50% of its fund-based working capital limits over the past 12 months ending January 2025, indicating efficient use of resources.

With a comfortable current ratio of 1.91 times as of 31 March 2024, and cash and cash equivalents amounting to Rs. 2.36 crore, KSRIPL maintains a healthy liquidity position. Furthermore, the company's moderate operating cycle of 100 days in FY24 also supports its liquidity stance.

About the Company

Hyderabad based KSR Infracon Private Limited incorporated in 2004 and is presently engaged in the business of construction and primarily undertakes works related to tunnel excavation, construction of powerhouse infrastructure and irrigation projects. The company is a special class contractor in Telangana and Andhra Pradesh. KSRIPL is led by the Managing Director Mr. K. Venkateswara Rao who possess more than four decades of experience. He is well supported by Mr. K Srinivas Rao the Executive Director who looks after the day-to-day operations of the company and Mr. K Tirumala Rao who looks after the market strategy.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	107.46	272.15
EBITDA	20.43	38.01
PAT	5.42	14.47
Total Debt	89.36	106.28
Tangible Net Worth	51.15	73.11
EBITDA Margin (%)	19.02	13.97
PAT Margin (%)	5.03	5.30
Overall Gearing Ratio (x)	1.75	1.45
Interest Coverage (x)	2.70	3.34

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:



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CARE Ratings and Acuite Ratings have continued the rating in ISSUER NOT COOPERATING category vide PR dated Mar 11th, 2024 and Dec 7th 2023 respectively on account of nonavailability of information and lack of cooperation from the client.

Any other information: None

Rating History for last three years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount (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
					Date (Jan 02, 2024)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Cash Credit	Long Term	40.50	IVR BBB/ Stable	IVR BBB-/ Stable	-	-
2.	GECL Loan	Long Term	0.68	IVR BBB/ Stable	IVR BBB-/ Stable	-	-
3.	Bank Guarantee	Short Term	91.00	IVR A3+	IVR A3	-	-
4.	Cash Credit (Proposed)	Long Term	8.82	IVR BBB/ Stable	IVR BBB-/ Stable	-	-
5.	Bank Guarantee (Proposed)	Short Term	9.00	IVR A3+	IVR A3	-	-

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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 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
Cash Credit	-	-	-	-	40.50	IVR BBB/ Stable
GECL Loan	-	-	-	2026	0.68	IVR BBB/ Stable
Bank Guarantee	-	-	-	-	91.00	IVR A3+
Cash Credit (Proposed)	-	-	-	-	8.82	IVR BBB/ Stable
Bank Guarantee (Proposed)	-	-	-	-	9.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-KSR-Infracon-mar25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: NA

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.