



Press Release

Kishore Infrastructures Private Limited (KIPL)

June 9, 2023

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Cash Credit	16.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Long Term Fund Based Bank Facilities – GECL	1.96	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Long Term Fund Based Bank Facilities – Proposed Cash Credit	11.88	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Short Term Non Fund Based Bank Facilities – Bank Guarantee	40.00	IVR A3 (IVR A Three)	Assigned	Simple
Short Term Non Fund Based Bank Facilities – Letter of Credit	20.00	IVR A3 (IVR A Three)	Assigned	Simple
Short Term Non Fund Based Bank Facilities – Proposed Bank Guarantee	20.00	IVR A3 (IVR A Three)	Assigned	Simple
Short Term Non Fund Based Bank Facilities – Proposed Letter of Credit	40.00	IVR A3 (IVR A Three)	Assigned	Simple
Total	149.84 (Rupees One Hundred Forty Nine crore & Eighty Four lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Kishore Infrastructures Private Limited (KIPL) derive strength from the significant experience of the promoters in the power distribution and transmission business, healthy order book position, reversal of declining revenue trend and moderate financial risk profile. The ratings are, however, constrained by susceptibility of its



Press Release

profitability to volatile input prices, presence in a highly fragmented and competitive sector with significant price war and geographical concentration risk.

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.

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 in the chemical trading business

KIPL is promoted by Mr. G Venkat Satya Kishore Raju having more than two decades of experience in power distribution and transmission business. The other promoters, namely Mr. Krishnam Raju is having around a five decade of experience and Ms. G Parvathi 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

The company has an unexecuted order book of Rs.718.77 crore as on May 1, 2023, which is around 8 times of its FY23 (Prov.) revenue. The majority of the orders are expected to be completed by FY24 and FY25, indicating a satisfactory near to medium term revenue visibility.

Reversal of declining revenue trend

KIPL's total operating income improved from Rs.52.37 crore in FY22 to Rs.74.43 crore in FY23 (Prov.) after a continuous decline in three consecutive years ended FY22. Improvement witness due to receipt & execution of new orders. However, the operating income has remained at moderate level at Rs.74.43 in FY23 (Prov.). Further, the company has projected its revenue to increase around Rs.200.00 crore in FY24 (Projection) on the basis of healthy



Press Release

order book position of Rs.718.77 crore and also it is expecting to execute around Rs.237.00 crore of orders in FY24. The EBITDA margin has declined to 8.67% in FY22 from 8.92% in FY21 and further, declined to 8.18% in FY23 (Provisional), due to increase in sub-contractor expenses. The PAT margin has declined to 2.04% in FY22 from 3.36% in FY21, due to payment of earlier taxes in FY22. However, PAT margin has improved to 5.20% in FY23 (Prov.) from 2.04% in FY22, due to decrease in interest cost.

Moderate financial risk profile

The overall gearing ratio stood at 0.77x as on March 31, 2023 (Prov.), against 0.73x as on March 31, 2022, and 0.90x as on March 31, 2021. TOL/TNW stood at 2.19x as on March 31, 2023 (Prov.), against 1.82x as on March 31, 2022, and 2.48x as on March 31, 2021. The interest coverage ratio has improved from 3.07x in FY22 to 6.92x in FY23 (Prov.).

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 ~62% of the revenue was generated from the state of Andhra Pradesh only in FY23. However, the company is planning to expand its scale of operations in other states as well.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria on Default Recognition](#)

[Criteria of Rating Outlook](#)



Press Release

[Rating Methodology for Infrastructure Companies](#)

[Financial ratios & interpretation \(non-financial sector\)](#)

Liquidity: Adequate

The liquidity position of the company is adequate marked by the sufficient gross cash accruals to meet repayments and interest obligations during FY24-26. Average fund based and non-fund-based utilization stood moderate at 56% and 69% respectively for the period ending April, 2023. The company has unencumbered cash and bank position of Rs.0.06 crore as on March 31, 2023 (Prov.) Current ratio stood at 1.64x as on March 31, 2023 (Prov.). The company does not plan to undertake any major capex in FY24-26. The company has projected an increase in fixed assets of Rs.0.84 crore in FY24 and Rs. 0.81crore in FY26, the same is for purchasing of construction equipments and funding is going to be done through the internal accruals.

About the Company

Hyderabad based, KIPL is promoted by G Venkat Satya Kishore Raju, G Parvathi, and G Krishnam Raju. 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.

Financials (Standalone):

(Rs. crore)		
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	52.37	74.43
EBITDA	4.54	6.09
PAT	1.08	3.87
Total Debt	22.14	26.33
Tangible Network	30.46	34.30
Ratios		
EBITDA Margin (%)	8.67	8.18
PAT Margin (%)	2.04	5.20
Overall Gearing Ratio (x)	0.73	0.77

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:



Press Release

ACUITE ratings has classify the rating of KIPL under “ISSUER NOT COOPERATING” category as ACUITE BB+; ISSUER NOT COOPERATING / ACUITE A4+; ISSUER NOT COOPERATING, vide its press release dated January 16, 2023 due to non-availability of requisite information to carry out a review.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	16.00	IVR BBB-/ Stable	-	-	-
2.	Long Term Fund Based Bank Facilities – GECL	Long Term	1.96	IVR BBB-/ Stable	-	-	-
3.	Long Term Fund Based Bank Facilities – Proposed Cash Credit	Long Term	11.88	IVR BBB-/ Stable	-	-	-
4.	Short Term Non Fund Based Bank Facilities – Bank Guarantee	Short Term	40.00	IVR A3	-	-	-
5.	Short Term Non Fund Based Bank Facilities –	Short Term	20.00	IVR A3	-	-	-



Press Release

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
	Letter of Credit						
6.	Short Term Non Fund Based Bank Facilities – Proposed Bank Guarantee	Short Term	20.00	IVR A3	-	-	-
7.	Short Term Non Fund Based Bank Facilities – Proposed Letter of Credit	Short Term	40.00	IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.



Press Release

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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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 Fund Based Bank Facilities – Cash Credit	-	-	-	16.00	IVR BBB-/ Stable
Long Term Fund Based Bank Facilities – GECL	-	-	March 30, 2025	1.96	IVR BBB-/ Stable
Long Term Fund Based Bank Facilities – Proposed Cash Credit	-	-	-	11.88	IVR BBB-/ Stable
Short Term Non Fund Based Bank Facilities – Bank Guarantee	-	-	-	40.00	IVR A3
Short Term Non Fund Based Bank	-	-	-	20.00	IVR A3



Press Release

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Facilities – Letter of Credit					
Short Term Non Fund Based Bank Facilities – Proposed Bank Guarantee	-	-	-	20.00	IVR A3
Short Term Non Fund Based Bank Facilities – Proposed Letter of Credit	-	-	-	40.00	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Kishore-Infra-jun23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.