



Press Release

Kaveri Engineering Projects Private Limited

May 29, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	80.00 (includes proposed facility of 15.31)	IVR BBB+/ Stable (IVR triple B plus with Stable outlook)	-	Rating assigned	Simple
Short Term Bank Facilities	230.00	IVR A2 (IVR A two)	-	Rating assigned	Simple
Total	310.00 (INR three hundred and ten 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

The ratings assigned to the bank facilities of Kaveri Engineering Projects Private Limited (KEPPL) derives strength from experienced promoters, consistent growth in topline and profit, adequate capital structure and coverage indicators, strong order book position and a comfortable working capital cycle. However, these rating strengths are partially constrained due to concentrated order book with respect to segment and geography, a competitive business environment which keep margins under check and profitability susceptible to volatile raw material prices.

The long-term rating outlook is Stable on account of its strong order book, its sizable feet of owned assets and an experienced management.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin and cash accrual
- Sustenance of the capital structure with improvement in debt protection metrics on a sustained basis.

Downward Factors

- Any decline in revenue and profit margin on a sustained basis.
- Moderation in the capital structure with deterioration in overall gearing ratio and weakening of debt coverage indicators.



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- Delays in execution of orders on a sustained basis and elongation of collection period
- Withdrawal of subordinated unsecured loans

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The promoters have experience of over a decade in civil infrastructure industry. Due to the extensive experience and a strong track record of successfully completing numerous projects, the promoters have built and maintained strong relationships with suppliers, subcontractors, and government authorities. Also, the company is a special class registered contractor in Telangana and Andhra Pradesh, and a class A registered contractor in Chhattisgarh.

- **Consistent growth in topline and profit**

KEPPL's TOI grew to Rs. 367.34 crore in FY25 (prov) (refers to period April 1st, 2024, to Mar 31, 2025) from Rs. 325.32 crore in FY24 (refers to period April 1st, 2023, to Mar 31, 2024) and Rs. 303.85 crore in FY23 (refers to period April 1st, 2022, to Mar 31, 2023), backed by an increase in the number of work orders executed by the company. The company bids for orders either directly as a principal contractor or takes up subcontracting work and also through joint venture (JV) partners. The works are executed on a back-to-back basis through the JV partners, with KEPPL being the lead partner. It is expected that its revenue to grow further over FY25-FY26, on account of the strong order book. KEPPL's EBITDA margins remained healthy and improved to 17.11% in FY25 (FY24: 13.16%) owing to a fall in operating cost and higher revenue share of irrigation projects, which offer higher profitability. PAT margin was 7.68% in FY25 (FY24: 6.05%). It is expected that the margins to continue to improve in the near-to-medium term due to the projects secured under the Jal Jeevan Mission, which offer higher profitability.

- **Adequate capital structure and coverage indicators**

Total debt as on March 31, 2025, was 114.47 crore which increased from Rs. 96.00 crore as on March 31, 2024, due to increase in vehicle and equipment loan taken to purchase a fleet of equipment/ machines and vehicles required for execution of projects. As on March 31, 2025, tangible net worth (adjusted for investment in group company of Rs.10.52 crore) was Rs. 100.58 crore up from adjusted tangible net worth (adjusted for investment in group company



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of Rs.9.74 crore) of Rs. 72.96 crore as on March 31, 2024. Overall gearing (adjusted) of the company was 1.14x times as on March 31, 2025, as against 1.32x as on March 31, 2024. Total outside Liabilities/Tangible Net Worth (adjusted) was 2.35x as on March 31, 2025, as against 2.86x as on March 31, 2024, due to increase in networth. The debt protection metrics stood comfortable marked by interest coverage ratio at 4.45x and debt service coverage ratio at 1.83x as on March 31, 2025, compared with interest coverage ratio at 4.41x and debt service coverage ratio at 2.76x as on March 31, 2024.

- **Strong order book position**

As of April 30, 2025, KEPPL had an order book of Rs. 2776.83 crore, providing a strong revenue visibility. The order book is 7.56 times of FY25 (prov) revenues, and diversified across segments such as irrigation, drinking water supply under Jal Jeevan Mission project, Mining etc. The order book will be executed by December 2030.

- **Comfortable working capital cycle**

The working capital management of the company is efficient marked by the operating cycle, which stood at 24 days as on 31st March 2025 as compared to 34 days as on 31st March 2024. The operating cycle of the company is predominantly driven by the high creditor period of 76 days in FY25 which offsets the collection period which was 66 days in FY25. The company enjoys high creditors days majorly due to subcontracting work where the company has established relationship and enjoys extended credit period where the payments are linked to the receipts from government departments.

Key Rating Weaknesses

- **Concentrated order book with respect to segment and geography**

Nearly 75% of the projects in the EPC segment pertain to irrigation which includes construction of canals, check dam, embankments, pumping station. ~18% of the order book pertain to Jal Jeevan Mission and 6% consist of mining projects. Further, order from Telangana state forms nearly 65% of the total order book. Thus, despite a sectoral and geographical diversification there remains concentration in the irrigation sector and the state of Telangana.

- **Competitive business environment to keep margins under check**

The civil construction segment is characterised by stiff competition on account of the low complexity of work involved and minimal entry barriers in terms of qualifications required for



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the tenders floated. This results in the presence of a large number of contractors in this segment, leading to intensely competitive bids, putting pressure on margins. Further, the margin is exposed to volatility in raw material prices. However, the built-in price-variation clause in the contracts mitigates the risk to an extent.

- **Profitability susceptible to volatile raw material prices**

The company mainly requires steel and cement for the execution of its contracts. The prices of both the items are highly fluctuating in nature. Though the contracts of the concern have in-build escalation clause it may not arrest the sharp movement in commodity prices and may affect the profit margins of the concern

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

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

[Criteria of assigning Rating Outlook](#)

[Policy of default recognition](#)

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

Liquidity – Adequate

Liquidity is expected to remain adequate in the near to medium term with sufficient accruals and to meet the term debt repayment in the period FY26-FY28. The average fund based utilisation for the past twelve months ended March 2025 remained low at ~48% indicating a sufficient cushion. Further the company had cash and bank balance of Rs. 46.46 crore as on March 31, 2025, which gives strong cushion to liquidity position

About the company

Kaveri Engineering Projects Pvt Ltd is a Hyderabad-based engineering, procurement, and construction company, was founded by Mr. Suman Rao Gujja. The company has been executing irrigation-related projects in Telangana, and has also been focusing on constructing canals, and lift irrigation projects, excavation of dams/reservoir, drain vents, ash ponds and water supply projects. Furthermore, the company is a special class registered



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contractor in Telangana and Andhra Pradesh, and a class A registered contractor in Chhattisgarh. The company executes projects for Government and semi government agencies such as Department of Drinking Water & Sanitation Ministry of Jalshakti, WAPCOS, Irrigation & CAD Department, Telangana, Food Corporation of India.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	325.32	367.34
EBITDA	42.82	62.86
PAT	19.84	28.40
Total Debt	96.00	114.47
Adjusted Tangible Net Worth	72.96	100.58
EBITDA Margin (%)	13.16	17.11
PAT Margin (%)	6.05	7.68
Adjusted Overall Gearing Ratio (x)	1.32	1.14
Interest Coverage (x)	4.41	4.45

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: India Rating migrated the rating of the company to the Issuer Non-Cooperating category on account of inadequate information for undertaking review and lack of management cooperation, as per the Press Release dated May 15, 2025.

Acuite Ratings continued to keep the rating of the company under the Issuer Non-Cooperating category on account of inadequate information for undertaking review and lack of management cooperation, as per the Press Release dated July 30, 2024.

Brickwork Ratings continued to keep the rating of the company under the Issuer Non-Cooperating category on account of inadequate information for undertaking review and lack of management cooperation, as per the Press Release dated May 2, 2025.

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025- 2026)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023
1.	Term Loan	Long Term	14.69	IVR BBB+/ Stable	-	-	-
2.	Cash Credit	Long Term	50.00	IVR BBB+/ Stable	-	-	-
3.	Proposed Cash Credit	Long Term	15.31	IVR BBB+/ Stable	-	-	-
4.	Bank Guarantee	Short Term	210.00	IVR A2	-	-	-
5.	Letter of Credit	Short Term	20.00	IVR A2	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (Formerly Infomerics Valuation & 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).

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coup on Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	March 2032	14.69	IVR BBB+/ Stable
Cash Credit 1	-	-	-	-	15.00	IVR BBB+/ Stable
Cash Credit 2	-	-	-	-	19.50	IVR BBB+/ Stable
Cash Credit 3	-	-	-	-	15.50	IVR BBB+/ Stable
Proposed Cash Credit	-	-	-	-	15.31	IVR BBB+/ Stable
Bank Guarantee 1	-	-	-	-	55.00	IVR A2
Bank Guarantee 2	-	-	-	-	30.50	IVR A2
Bank Guarantee 3	-	-	-	-	124.50	IVR A2
Letter of Credit	-	-	-	-	20.00	IVR A2

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-kaveri-engineering-may25.pdf>

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

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.