



## Press Release

### K.R.C. Infraprojects Private Limited (KRCIPL)

November 22, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facilities	25.00#	IVR BBB+/ Stable and Withdrawn (IVR Triple B Plus with Stable Outlook and Withdrawn)	IVR BB/ Negative; ISSUER NOT COOPERATING* (IVR Double B Minus with Negative Outlook; ISSUER NOT COOPERATING*)	Upgraded with revision in outlook from Negative to Stable and removed from ISSUER NOT COOPERATING; and Withdrawn	<a href="#">Simple</a>
Short Term Non-Fund Based Facilities	25.00	IVR A2; Withdrawn (IVR A Two and Withdrawn)	IVR A4 ISSUER NOT COOPERATING* (IVR A Four; ISSUER NOT COOPERATING*)	Upgraded and removed from ISSUER NOT COOPERATING; and Withdrawn	<a href="#">Simple</a>
<b>Total</b>	<b>50.00</b>	<b>(Rupees Fifty Crores only)</b>			

\* Issuer did not cooperate; based on best available information

# Includes proposed facility of Rs. 12.00 crores

**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 revised the ratings assigned to the bank facilities of KRC Infraprojects Private Limited (KRCIPL) and simultaneously withdrawn the ratings with immediate effect. The above action has been taken at the request of KRCIPL and 'No Objection Certificate' received from the lenders. The rating is withdrawn in accordance with Infomerics Ratings' 'Policy on Withdrawal of Ratings'.

The upgrade of the ratings considers the comfortable capitalization, and proven track record; however, these rating strengths are constrained by volatility in revenue and tender driven nature of business.

The Stable Outlook reflects Infomerics expectations of steady revenue growth, along with stable profitability over FY25-FY27.

#### Key Rating Sensitivities



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### **Upward Factors**

- Timely execution of order book with sustained/improving margins
- Improvement in the operating cycle with improvement in receivable period

### **Downward Factors**

- Decline in operating income and profitability

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Healthy order book indicating near term revenue visibility:**

The company has a good track record of successfully executing various road and highway projects and has a good order book based on its past execution capabilities and timely deliveries. The company has completed many major as well as minor projects and has an unexecuted order book of around INR ~2250 crores as of August 31, 2024.

##### **Reputed clientele with low counter party risk:**

KRCIPL mainly bids for tenders of various government departments and is mainly engaged in water and wastewater management. Most customers being government departments imparts comfort with low counterparty risk though timely receipt of bill payments. The current order book has 92% concentration of NHAI, MORTH, Railways and BRO contracts where the projects are pre-funded and the counterparties are financially strong central government agencies, leading to low credit risk.

##### **Comfortable capital structure with satisfactory debt coverage indicators:**

The overall gearing ratio of the company is 0.82 times as on 31-Mar-2024 (as on 31-Mar 2023: 0.90). The total indebtedness of the company as reflected by TOL/TNW improved from 2.05x as on 31-Mar-23 to 1.49x as on 31-Mar-24. The debt protection metrics stood at Interest Coverage Ratio of 8.38 times in FY24 (FY23: 12.29). Total Debt to GCA stood adequate at 1.93 years in FY24 as against 2.05 years in FY23.

##### **Extensive experience of the promoters and management team:**



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KRCIPL has established an operational track record of more than a decade in construction of various civil infrastructure, roads, and bridges. Mr. Mahipal Singh (Managing Director), having three decades of experience in the construction sector. The extensive experience of the promoter and successful track record of operation has helped the company in acquiring customers. The directors are well supported by a team of experienced and qualified professionals.

### **Proven project execution capability:**

Over the past years, the entity has successfully completed many projects mainly in Gujarat, Uttarakhand, Madhya Pradesh and Arunachal Pradesh and ensured timely completion of all its projects. The repeat orders received from its clientele validate its construction capabilities.

### **Key Rating Weaknesses-**

#### **Volatile revenue:**

The revenue has increased in the past 3 years from Rs.259.14 in FY22 to Rs. 701.87 in FY24. But in FY23 the revenue was Rs. 792.39 crores, there is a decline in FY24 because of the Lok Sabha elections award of fresh tenders was held up, and contracts at advanced state could not be completed because of a temporary pause in the funding of on-going projects.

#### **Presence in a highly competitive industry and tender driven nature of the business:**

KRCIPL business is dependent on the company's ability to successfully bid for the tenders. Further, the domestic infrastructure/construction sector is highly fragmented with the presence of many players with varied statures & capabilities. This restricts KRCIPL's pricing power and margins.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

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

[Policy on Withdrawal of ratings](#)



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### Liquidity: Adequate

Liquidity profile of KRCIPL appears to be adequate with the current ratio of 1.68x and Quick ratio of 1.13x as on March 31, 2024. The company is earning a comfortable level of Gross Cash Accruals (GCA) which stood at Rs. 56.50 crore for FY24. and the same is expected to improve during the projected period with increase in scale of operations. The GCA is expected be in the range of ~Rs. 70.00 crores to Rs. 100.00 crores during the projected period which is adequate to meet the repayment obligations.

### About the Company

KRCIPL was founded in 1999 by Mr. Mahipal Singh and Mr. Arun Kumar as a proprietorship and became a private limited company in 2010. Based in Haryana, the company specializes in constructing and maintaining roads and bridges, primarily for government and semi-government entities. KRCIPL operates in multiple states, including Haryana, Uttar Pradesh, Punjab, Madhya Pradesh, and the Northeast. As a Class-A contractor, it handles various earthwork processes for road projects, including excavation, material removal, filling, compacting, and trimming for roads and National Highways.

### Financials (Standalone):

	(Rs. crore)	
For the year ended/ As On*	31-3-2023 (Audited)	31-3-2024 (Audited)
Total Operating Income	792.39	701.87
EBITDA	68.17	77.54
PAT	45.00	43.14
Tangible Net-worth	90.01	133.14
<b>Ratios</b>		
EBITDA Margin (%)	8.60	11.05
PAT Margin (%)	7.51	8.10
Overall Gearing ratio (x)	0.90	0.82
Interest Coverage (x)	12.29	8.38

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** None

**Any other information:** Nil

**Rating History for last three years:**



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (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
				November 22, 2024	December 04, 2023	November 09, 2022	January 24, 2022
1.	Cash Credit/Overdraft	Long Term	13.00	IVR BBB+/Stable; Withdrawn	IVR BB/Negative; Issuer Not Cooperating*	IVR BB+/Negative; Issuer Not Cooperating*	IVR BBB-/Stable Outlook
2.	Proposed Cash Credit	Long Term	12.00	IVR BBB+/Stable; Withdrawn	IVR BB/Negative; Issuer Not Cooperating*	IVR BB+/Negative; Issuer Not Cooperating*	IVR BBB-/Stable Outlook
3.	Bank Guarantee	Short Term	25.00	IVR A2; Withdrawn	IVR A4; Issuer Not Cooperating*	IVR A4+; Issuer Not Cooperating*	IVR A3

*\*Issuer did not cooperate; based on the best available information*

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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.





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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](http://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
Long Term Fund Based Bank Facilities – Cash Credit/ Overdraft	-	-	-	-	13.00	IVR BBB+/ Stable and Withdrawn
Proposed Long Term Fund Based Bank Facility – Cash Credit	-	-	-	-	12.00	IVR BBB+/ Stable and Withdrawn
Short Term Non- Fund Based Bank Facility – Bank Guarantee	-	-	-	-	25.00	IVR A2 and Withdrawn

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-KRCIPL-nov2024.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**



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**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](http://www.infomerics.com).

