



**Press Release**  
**K. Seshagiri Rao & Co**  
**June 28, 2024**

**Rating Downgraded and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	116.00	ACUITE BB+   Downgraded   Issuer not co-operating*	-
Bank Loan Ratings	4.00	-	ACUITE A4+   Downgraded   Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	120.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB-**' (read **ACUITE triple B minus**) and its short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A3**' (read as **ACUITE A three**) on Rs.120 Cr. bank facilities of K Seshagiri Rao and Co.

The rating is now downgraded and flagged as issuer non cooperative on account of information risk and is based on the best available information.

**About the Company**

K Seshagiri Rao and Co. (KSRC) was established by late Mr. Koneru Seshagiri Rao in 1965. KSRC is engaged in excavations, slag handling, scrap, skull recovery in steel industries, hiring of heavy machinery and in the erection and commissioning of heavy machinery and other Infrastructure equipment. In Janaury 2021, the firm has proposed a residential real estate project 'KSR Greens' at Madeenaguda, Hyderabad, Telangana. The Project comprising of total land area of ~ 12,748 sq. meters which has a total build up area of ~ 1,07,602 sq. meters. The proposed project consists of 476 Nos. of 3BHK apartments spread in two towers Blocks "A" & "B" and a club house and each tower is a stilt plus 30 floors. KSR Greens total project cost of Rs. 315.07 Cr. and expected to be funded by promoter's contribution of about Rs.68.23 Cr. (~22 percent of project cost), bank funding of about Rs.100 Cr. (~32 percent of project cost) and customer advances of about Rs. 146.84 Cr. (~ 47 percent).

**Unsupported Rating**

Not Applicable

**Non-cooperation by the issuer/borrower**

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

### **Limitation regarding information availability**

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

### **Rating Sensitivities**

"No information provided by the issuer / available for Acuite to comment upon."

### **Liquidity Position**

"No information provided by the issuer / available for Acuite to comment upon."

### **Outlook: Not applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	144.52	144.36
PAT	Rs. Cr.	20.16	19.91
PAT Margin	(%)	13.95	13.79
Total Debt/Tangible Net Worth	Times	0.36	0.34
PBDIT/Interest	Times	7.11	8.23

## Status of non-cooperation with previous CRA

Not applicable

## Any other information

None

## Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>

## Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Apr 2023	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB-   Stable (Reaffirmed)
	Dropline Overdraft	Long Term	2.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE BBB-   Stable (Reaffirmed)
18 Feb 2022	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE BBB-   Negative (Reaffirmed)
	Dropline Overdraft	Long Term	2.00	ACUITE BBB-   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BBB-   Negative (Reaffirmed)
	Proposed Long Term Loan	Long Term	100.00	ACUITE BBB-   Negative (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE A4+   Downgraded   Issuer not co-operating* (from ACUITE A3 )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	14.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE BBB- )
HDFC Bank Ltd	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE BBB- )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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