



**Press Release**  
**K SESHAGIRI RAO AND CO.**  
**December 19, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	116.00	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	4.00	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	120.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.120.00 Cr. on the bank facilities of K Seshagiri Rao and Co. (KSRC). The outlook is '**Stable**'.

**Rationale for rating:**

The rating reaffirmation considers the firm's stable operating performance in slag handling business and decent sales traction in the residential project with around Rs.86.00 Cr. incremental sales registered over the past 15 months ending September 2025. The rating also draws comfort from the company's long-standing presence in slag handling business, favourable project location and above average financial risk profile. However, the rating remains constrained by moderately intensive working capital operations and exposure to execution and demand risk in the ongoing project. Going forward, sustained sales traction and timely collections from customers will be a key rating monitorable.

**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 January 2021, the firm had launched a residential real estate project 'KSR Greens' at Madeenaguda, Hyderabad, Telangana which is scheduled to complete in March 2027. 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. Total project cost is Rs.377.98Cr (revised from Rs.315.07Cr.) and expected to be funded by promoter's contribution of about ~Rs.86.00Cr (revised from Rs.68.23 Cr.), bank funding of about Rs.100 Cr and remaining through customer advances.

**Unsupported Rating**

Not applicable



Acuité has considered the standalone view of the financial and business risk profile of KSRC to arrive at the rating

## Key Rating Drivers

### Strengths

#### **Experienced management and reputed clientele**

KSRC was established by late Mr. Koneru Seshagiri Rao in 1965 who had more than 5 decades of experience in slag and material handling. Currently, his son Mr. K. Venkateswara Rao is handling the business, who has more than 2 decades of experience in the industry. The firm has an established relationship with reputed organizations like Jindal Steel Works Limited (JSWL), Jindal Steel and Power Limited (JSPL), Tata Projects Limited, Rastriya Ispat Nigam Ltd among others. Strong relationship with the key customers over the years has helped KSRC in getting repeated orders. Acuité believes that the KSRC derives significant benefit from its promoter experience and established strong relationships with its customers as well as suppliers for repeated business.

#### **Stable growth in revenue from slag handling business with steady sales in residential complex:**

The firm registered a revenue of Rs.183.94 Cr. in FY2025 with a growth rate of ~14 percent against FY2024 revenue of Rs.161.12 Cr. Slag handling segment majorly contributes to the revenue with Rs.149.69 Cr. in FY2025 compared to Rs.148.03 Cr. in FY2024, while real estate sales stood at Rs.34.09 Cr. in FY2025 compared to Rs.12.68 Cr. in FY2024. Additionally, during the H1FY2026, the firm registered revenue of Rs.77.03 Cr. in slag handling segment against Rs.63.46 Cr. registered during H1FY2025, this improvement is due to increased orders. Further, the firm registered sales around Rs.39.76 Cr. in the residential project during the H1FY2026. The firm as on September 30, 2025 has an unexecuted order book of ~Rs.664 Cr, providing revenue visibility over the medium-term. The operating profits margin remained stable at 22.51 percent in FY2025 compared to 20.87 percent in FY2024 while PAT margin declined to 2.75 percent in FY2025 from 7.79 percent in FY2024 due to increased interest cost. Acuite believes, the revenue will improve further over the medium-term on account of higher order book in slag handling segment and expected stable sales in residential project.

#### **Above average financial risk profile:**

The firm's financial risk profile is above average, marked by healthy net worth, low gearing and above average debt protection metrics. The firm's net worth stood at Rs.156.76 Cr. as on March 31, 2025 against Rs.153.71Cr as on March 31, 2024. The improvement in net worth is due to accretion of profits to reserves during the period. However, the promoters have withdrawn Rs.2.01 Cr. during the year. The total debt level comprising long-term debt of Rs.128.17 Cr, unsecured loans of Rs.14.47 Cr. and short-term debt of Rs.35.52 Cr. increased to Rs.177.97 Cr. as on March 31, 2025 compared to Rs.130.28 Cr. as on March 31, 2024. This resulted in marginal decline in the gearing level and total outside liabilities to tangible networth (TOL/TNW) to 1.14 times and 1.71 times, respectively as on March 31, 2025 from 0.85 times and 1.14 times as of March 31, 2024. The debt protection metrics stood above average with debt service coverage ratio (DSCR) and ICR of 1.30 times and 2.42 times respectively as on March 31, 2025. Debt to EBITDA stood at 4.30 times as on March 31, 2025 against 3.87 times as on March 31, 2024. Acuite believes that the financial risk profile of the firm will remain at similar levels over the medium term.

### Weaknesses

#### **Moderately intensive working capital operations**

The firm's working capital operations remained moderately intensive with the high gross current asset (GCA) days of 735 day in FY2025 against 650 days in FY2024. The elongation in GCA days is due to increasing inventory as work-in-progress from real estate segment. The inventory in slag handling business includes spares and fuel stock. However, elongated receivables period at 101 days in FY2025 lead to moderate dependency on the fund based working capital limits, which were utilized at an average of ~81 percent during the past 12

months ending September, 2025. Acuite believes that the working capital cycle of the firm will remain moderately intensive over the medium term as the nature of the business requires to maintain adequate stock levels for continuous operations.

**Moderate project progress and with exposure to saleability and project execution risk:**

As on September 30, 2025, the firm has incurred Rs.242.44 Cr. of the revised Rs.377.98 Cr. project cost, reflecting an incremental progress of Rs.39.12 Cr. over the last 15 months, indicating steady pace of construction progress. The project has undergone a cost escalation to Rs.377.98 Cr. from Rs.314.27 Cr. due to additional excavation requirements and inclusion of GST on construction. The funding risk for the project is moderate, with revised project of Rs.377.98 Cr. being funded through a mix of Rs.60 Cr. equity, Rs.100 Cr. term loan, unsecured loans of Rs.26.6 Cr. (increased from Rs.7.5 Cr. earlier) and the balance Rs.191.45 Cr. from customer advances. The company has drawn ~Rs.80 Cr. of the sanction term loan as of September 2025 and the lender's approval for extending DCCO by one year has shifted the loan repayment start date to March 2027. This alignment between project completion and repayment commencement provides liquidity relief. Customer advances of Rs.134.50 Cr. against the total sales of Rs.164.58 Cr. as on September 2025 indicates healthy cash inflows from operations. The promoters are expected to infuse an additional Rs.12.25 Cr. in form of USL during the next 6 months, which is expected to further strengthen the liquidity. Out of the total saleable area of 8,19,500 sq.ft, only Tower B, comprising 4,09,900 sq.ft has been launched for sale. As of September 2025, the company has sold 2,55,870 sq.ft in Tower B, translating into 62 percent of the total area available for sale in Tower B. the project has achieved cumulative sales of Rs.164.58 Cr. as on September 2025, with customer advances of Rs.134.50 Cr, reflecting healthy collection efficiency. Acuite believes that any delay in project construction, leading to delay in the operations and sale of the project, can impact cash flows. Hence, timely completion and selling will continue to key rating sensitivity factors.

**Inherent risk of capital withdrawals in partnership firms**

K Seshagiri Rao & Co is susceptible to the inherent risk of capital withdrawals by partners, given its constitution as a partnership firm. Any substantial withdrawals from partners capital will have a negative impact on the firm's financial risk profile and can constrain the firm's ability to maintain adequate liquidity.

**Rating Sensitivities**

- Consistent improvement in the scale of operations and improvement in profitability.
- Better-than-expected sales performance or faster-than-anticipated construction progress, resulting in healthy cash flows.
- Any significant delay in project completion or any significant cost over-runs in on-going projects.
- Significant fund withdrawals and deterioration in the working capital cycle leading to stress on the liquidity position.

**Liquidity position: Adequate**

The firm registered net cash accruals (NCAs) of Rs.13.40 Cr. as on March 31, 2025 against the maturing debt obligations of Rs.6.40 Cr. NCA's are expected to range between Rs.20-25 Cr. over the medium term along with adequate cash flow in real estate project, which would comfortably meet the expected repayment range of Rs.6.00-75 Cr. The firm's current ratio stood at 2.82 times as on March 31, 2025 and the GCA days remained high at 735 days in FY2025. The fund-based bank limits were utilized at an average of 81 percent during the past 12 months ending September, 2025. Additionally, the firm also has Rs.3.48 Cr. free balances with bank, providing additional liquidity comfort. Further, the average debt service coverage ratio stood at 1.52 times throughout the tenure of the loan taken for residential project construction.

Acuite believes that the liquidity position of the firm will remain adequate over the medium term on account of sufficient cash accruals against repayment obligations.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	183.94	161.12
PAT	Rs. Cr.	5.06	12.55
PAT Margin	(%)	2.75	7.79
Total Debt/Tangible Net Worth	Times	1.14	0.85
PBDIT/Interest	Times	2.42	2.49

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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
20 Sep 2024	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	14.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
	Dropline Overdraft	Long Term	2.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
	Term Loan	Long Term	100.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+)
28 Jun 2024	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	14.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Dropline Overdraft	Long Term	2.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
	Term Loan	Long Term	100.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Stable)
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)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE BBB-   Negative (Reaffirmed)
	Dropline Overdraft	Long Term	2.00	ACUITE BBB-   Negative (Reaffirmed)
	Proposed Long Term Loan	Long Term	100.00	ACUITE BBB-   Negative (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
H D F C Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE A3   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE BBB-   Stable   Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2027	100.00	Simple	ACUITE BBB-   Stable   Reaffirmed



## Contacts

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### About Acuité Ratings & Research

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