



**Press Release**  
**KUMAR ELECTRICALS AND POWER INFRA PRIVATE LIMITED**  
**July 30, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	60.00	ACUITE BBB-   Stable   Assigned	-
Bank Loan Ratings	240.00	-	ACUITE A3   Assigned
Total Outstanding Quantum (Rs. Cr)	300.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has assigned the 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.300.00 Cr. bank facilities of Kumar Electricals and Power Infra Private Limited (KEPIPL). The outlook is 'Stable'.

**Rationale for rating assigned**

The rating assigned factors in the established presence of the company in the electrical engineering procurement & construction (EPC) industry. While the FY25 revenues of the company moderated due to execution of ending milestones of various projects and minimal growth in orderbook over the past years, the current outstanding order book of ~Rs. 943 crore as on April 01, 2025, provides a sound revenue visibility at stable operating margins over the medium term. Further, rating factors the healthy financial risk profile of the company with low gearing and comfortable debt protection metrics. However, the rating continues to remain constrained on account of intensive working capital operations of the company driven by high inventory and debtors. The company also remains prone to geographical and customer concentration risk as all the current projects are in the state of Karnataka and associated majorly with two customers. Further, the rating is also constrained by the tender based nature of operations and competitive industry.

**About the Company**

KEPIPL is an electrical EPC player involved in planning, designing and executing turnkey electrical projects for various govt, semi govt and private bodies across Karnataka. The company was originally established as a proprietorship firm in 1978, then converted to a partnership firm and subsequently to a private ltd company in 2021-22. The company holds a Super Grade electrical license and commissions H.V & E.H.V. transmission lines ranging from 66 KV to 220 KV. The current directors of the company are R. V. Rohit, Sneha Rohit, Mangala Vasanth Kumar and Kavitha Nagarajan.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered a standalone approach while assessing the business and financial risk profile of KEPIPL

**Key Rating Drivers**

## **Strengths**

### **Established track record of operations**

KEPIPL has an established track record of over four decades in the industry. The company is a Super Grade licensed electrical contractor, issued by the state department. The company has worked with various key Karnataka electrical departments such as Karnataka Industrial Area Development Board (KIADB), Karnataka Power

Transmission Corporation Limited (KPTCL) and Bangalore Electricity Supply Company Limited (BESCOM). Further, the promoter Mr. R V Rohit has an experience spanning over two decades as an EPC contractor which has helped KEPIPL in increasing its scale of operations over the years.

### **Healthy orderbook position expected to improve the operating performance over the medium term**

While the revenues of the company stood lower at Rs.305.96 crore in FY25 (Prov.) as against Rs.346.80 crore in FY24, due to execution of ending milestones of various projects and minimal growth in orderbook over the past years, however, the current outstanding orderbook of Rs 943.56 Cr. as on April 1st, 2025, provides a sound and improving revenue visibility over the medium term. Further, the company reported a sharp increase in the operating margins to 10.39 percent in FY25 (Prov.) as against 7.52 percent in FY24 due to cyclicity in the revenue recognition and expense bookings for EPC companies, however, on an overall basis the margins remain at a steady range of 10-11 percent.

Therefore, the continued growth in order bookings and timely execution of contracts at steady margins shall be a key rating sensitivity.

### **Healthy financial risk profile**

The net worth of the company improved to Rs.140.66 crore as on March 31, 2025 (Prov.) as against Rs.112.71 crore as on March 31, 2024, mainly on account of accretion of profits to reserves and increase in unsecured loans (subordinated to bank debt as per lender stipulation) to Rs.81.01 crore as on March 31, 2025 (Prov.) from Rs.70.38 crores as on March 31, 2024. The company's debt profile consists only of short-term borrowings, keeping the gearing ratio below unity at 0.28 times as of March 31, 2025 (Prov.) (0.24 times as of March 31, 2024) and a healthy TOL/TNW at 1.24 times as on March 31, 2025 (Prov.) (1.10 times as on March 31, 2024). The interest coverage and Debt/ EBITDA also stood comfortable at 3.10 and 1.20 times respectively as on March 31, 2025 (Prov.).

Acuite expects the financial risk profile of the company to remain healthy in the absence of any debt fund capex and improving cash accruals.

### **Weaknesses**

#### **Intensive working capital operations**

The company's working capital operations remain intensive, as indicated by gross current asset (GCA) days of 296 days as of March 31, 2025(Prov.) (200 days as of March 31, 2024). This increase in GCA is primarily because of rise in the inventory days owing to high year end purchases. Majority of the purchases are letter of credit (LC) backed which elevated the creditors days as well. Further, while average collection ranges between 60-90 days, the debtor days elongated marginally in FY25 owing to some stuck debtors. Further, the company enhanced its working capital limits by Rs.45 crores w.e.f January, 2024 and onboarded HDFC bank. The average fund based limit utilizations stood moderately high at 80.83 percent and non-fund-based limit utilization stood at 82.86 percent for the last 12 months ended May 31, 2025.

Acuite believes that working capital operations of the company may continue to remain intensive considering the nature of business.

#### **Geographical concentration along with customer concentration risk**

The company's revenue is largely derived from two clients—KIADB and KPTCL, accounting for 83% of FY25 revenue, with operations restricted to Karnataka. This structure increases exposure to policy shifts, leading to potential project delays within the state, which may affect the revenue flow. The current lack of geographic and customer diversification also limits growth opportunities for the company. However, it intends to pursue diversification by bidding for tenders beyond Karnataka. As of July 2025, the company has bid for 2 tenders in the state of Haryana.

#### **Tender based nature of operations**

KEPIPL is engaged in bidding of various government tenders, wherein the company faces intense competition from several large and mid-sized players in the sector. The risk becomes more pronounced as tendering is based on a minimum amount of bidding for contracts. The company acquires tenders at competitive prices, which may affect its profitability. Further, there are uncertainties attached to the allotment of tenders. However, the risk is mitigated to some extent, given the group's strong background in the industry, which has enabled the company to procure tenders on a regular basis.

### **Rating Sensitivities**

- Strong and diversified order book growth & timely completion of existing orders leading to improvement in revenue and stable margins
- Maintenance of the financial risk profile and unsecured loan requirements
- Any further stretch in the working capital levels affecting the liquidity profile

### **Liquidity Position**

**Adequate**

The liquidity of the company is marked adequate backed by healthy net cash accruals of Rs.17.69 crore in FY25 (Prov.) as against no long-term debt obligations. Going forward, net cash accruals are expected in the range of Rs.20-25 crore. The current ratio stood moderate at 1.48 times as on March 31, 2025 (Prov.). The company also reported a cash and bank balance of Rs.0.03 crore along with a lien marked deposits worth Rs.28 crore as on March 31, 2025 (Prov.). Further, the average fund based bank limit utilization for the last 12 months ended May 31, 2025 stood moderately high at ~80.83 percent and the company is in the process of enhancing its fund & non-fund based limits to meet the business growth.

Acuite believes that the liquidity position of the company will continue to remain adequate on account of improving cash accruals against the no major debt repayment obligations for the company.

#### **Outlook - Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	305.96	346.80
PAT	Rs. Cr.	17.31	14.75
PAT Margin	(%)	5.66	4.25
Total Debt/Tangible Net Worth	Times	0.28	0.24
PBDIT/Interest	Times	3.10	5.47

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

None

### 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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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 :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	135.00	Simple	ACUITE A3   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB-   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB-   Stable   Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A3   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	65.00	Simple	ACUITE A3   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB-   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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