



Press Release
KS SMART SOLUTIONS PRIVATE LIMITED
December 01, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	125.65	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	265.35	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	391.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on Rs. 125.65 Cr. bank facilities and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 265.35 Cr. bank facilities of KS Smart Solutions Private Limited (KSSPL) . The outlook is '**Stable**'.

Rationale for rating assigned:

The rating assigned considers the experienced promoters with moderate operational track record of the company in IT solutions. The rating also factors in substantial improvement in operating revenue and robust order book position. Acuite takes note of acquisition of KSSPL by Soma Papers & Industries Limited (SPIL) in October 2025 and an equity infusion (including share premium) of Rs. 305.00 Cr. by FY2026 (Rs. 125 Cr. infused in October 2025), infusion will be utilized for repayment of total outside liabilities and to manage increasing working capital requirements aligned with expected increase in scale of operations. However, the rating is constrained by moderate financial risk profile, working capital intensive operations and susceptibility to risks inherent in tender-based business.

About the Company

Tamil Nadu-based KS Smart Solutions Private Limited was incorporated in 2016. The company is engaged in automating industries, advancing realities—augmented, virtual, and mixed—expanding consulting services for emerging technologies, and innovating solutions. Over the years, it has evolved from its AR/VR beginnings (notably at the Egmore Museum) into a diverse set of domains including web and mobile development, AI/ML, smart city initiatives, and enterprise solutions, leveraging R&D to stay ahead of evolving market needs. The directors of the company are Mr. Subbramaniyan Sureshkumar, Mr. Rohan Ramaswamy, and Ms. Anancha Perumal Selvi Keshav.

About the Group

Mumbai-based Southern Electric Metering Private Limited was incorporated in 2023. The company, a wholly owned subsidiary of KS Smart Solutions Private Limited, is registered under the Companies Act, 2013 and is engaged in the business of collection and distribution of electric energy to households, industrial, commercial, and other users. The directors of the company are Mr. Raman Rajesh and Mr. Seethapathi Vignesh.

Five 28 LLP was originally established on October 15, 2024, for the purpose of purchasing

property, in which KS Smart Solutions Private Limited holds a 70 percent stake, while Mr. Keshav and Mr. Shankar hold 15 percent each. However, due to certain banking limitations,

the property was subsequently registered in the name of KS Smart Solutions. It was later subleased to Five 28 LLP, which in turn subleased it to other parties. Going forward, the company is expected to be treated as a property management entity.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of the KSSPL along with its two wholly owned subsidiaries, Southern Electric Metering Private Limited and Five28 LLP due to common management. These companies are together referred to as the "KS group".

Key Rating Drivers

Strengths

Experienced promoters with moderate operational track record

KS Group was incorporated in the year June 2016 and is promoted by Mr. Anancha Perumal Selvi Keshav, Mr. Shankar Varadharajan who have been engaged in IT solutions industry for over one decade. Keshav Perumal is a first-generation technology entrepreneur with nearly 10 years of experience building innovative ventures in emerging tech. Under his leadership, he delivered immersive training and simulation tools to manufacturing giants (e.g. Daimler, Saint-Gobain), improving employee training outcomes, reducing maintenance costs, and increasing operational efficiency. As Founder & CEO of KS Smart, he has grown the company from a 5-person team to 250 employees and scaled annual revenues by spearheading high-impact GovTech initiatives across education, defence, and urban infrastructure. Their extensive overall business experience is expected to support the business in future. Acuité believes the experience of the promoters and established market presence will benefit the group's in maintaining its business profile.

Substantial improvement in operating revenue and healthy order book position despite subdued profitability margins

Group has achieved revenue of Rs. 688.26 Cr. in FY2025 against Rs. 212.92 Cr. in FY2024 and Rs.62.97 Cr. in FY2023. The company has demonstrated exponential revenue growth over the past four years, primarily driven by the execution of a large Rs 950 crore order in the Education VR segment (Smart class and Hitech labs) during FY25. This single order significantly contributed to the revenue surge. The company has already registered revenues of Rs.271.24 crore in H1 2025-26, as against Rs 108.5 crore in H1 2024-25. The company has order book of Rs. 1502.89 Cr. as of Oct 2025, which gives revenue visibility for the medium term. The group's operating margins declined and stood at 4.85 percent in FY2025 as against 14.00 percent in FY2024 and 10.96 percent in FY2023. However, absolute EBTIDA improved stood at Rs. 33.38 Cr. in FY2025 as against Rs. 29.81 Cr. in FY2024 and Rs. 6.90 Cr. in FY2023. The PAT margin stood at 2.93 percent in FY2025 as against 9.94 percent in FY2024 and 7.54 percent in FY2023, Lower operating margins are attributable to education VR order was undertaken at lower margins with the intent of securing pre qualification and technical eligibility for future tenders, however it was a strategic decision by the company This move is expected to enhance the company's ability to bid for larger, higher-margin contracts going forward. Acuité believes that the group's operating performance is expected to increase on account of robust order book position.

Moderate financial risk profile, expected to improve on the back of infusion of equity

Group's financial risk profile is moderate, marked by a moderate net worth along with moderate gearing and comfortable debt protection metrics. The net worth of the group stood at Rs.45.34 Cr. as on March 31st, 2025, against Rs.25.24 Cr. as on March 31, 2024, and

Rs.8.34 Cr. as on March 31st, 2023, respectively. The gearing of the group stood high at 3.39 times as on March 31, 2025, as against 3.10 times as on March 31, 2024, and 0.38 times as on March 31st, 2023. Total debt includes long term debt of Rs. 44.31 Cr, USL of Rs. 36.95 Cr, Short term debt of Rs.72.31 Cr. Group's debt protection metrics is comfortable marked by– Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 3.65 times and 2.67 times as on March 31, 2025, respectively as against 10.05 times and 7.82 times as on March 31, 2024. TOL/TNW stood at 18.85 times as on March 31, 2025, against 9.58 times as on March 31, 2024, and 5.23 times as on March 31, 2023, respectively. The debt to EBITDA of the group stood at 3.69 times on as on March 2025 as against 2.37 times in FY2024 and 0.04 times in FY2023. However, after equity infusion in FY2026 from soma papers of Rs. 305 Cr. net worth position would be comfortable, thereby improving the company's capital structure and potentially reducing financial risk. Acuité believes that the financial risk profile will improve in near term on account of infusion of equity with TOL/TNW expected at 1.85 times, current ratio at 1.29 times and debt to equity at 0.83 times as on March 31, 2026.

Weaknesses

Intensive nature of working capital operations

Group's working capital operations are intensive in nature as reflected through the gross current assets (GCA) of 285 days in FY2025 against 285 days in FY2024 and 289 days in FY2023. The GCA days also includes high other current assets of Rs. 141.05 Cr. which mainly consists of contract assets, statutory deposits. Inventory days stood at 26 days in FY2025 compared to Nil days in FY2024, FY2023. The increase in inventory during FY2025 is primarily attributable to the nature and scale of project executions, which required holding materials of larger size and quantity. In the previous year, most of the materials were supplied directly by OEMs to the customer locations. Going forward group is expected to maintain the inventory based upon the project executions. Debtor days stood at 182 days in FY2025 against 250 days in FY2024 and 126 days in FY2023. The company typically operates with an average receivables and payables cycle of 60–90 days, which is in line with industry norms. The fund-based working capital limits were utilized at an average of ~97 percent and non- fund based of 95 Percent over the past 12 months ending August 2025. Acuite believes, the working capital operations are expected to remain intensive due to nature of the operations.

Exposure to intense competition in the global IT industry

The slowdown in IT spend by global clients and the consequent decline in contract value in the industry has intensified competition among players. Entry Barriers in the industry are low on account of limited capital and technology requirement and also low differentiation in the end product leading to intense competition and limiting the pricing power resulting in low profitability. However, KSSPL is focussed on enhancing its value-added digital services/product business to counter the competition to some extent.

Rating Sensitivities

- Sustained revenue growth, while improving the operating margins
- Improvement in working capital management
- Any large debt funded capex, impacting the financial risk profile and liquidity

Liquidity Position Adequate

Group's liquidity is adequate with net cash accruals (NCA) of Rs.22.61 Cr. during FY2025, while its maturing debt obligations are Rs. 1.34 Cr. during the same period. Going forward, the company is expected to continue generating adequate net cash accruals against its repayment obligations. The Group has maintained unencumbered cash and bank balances of Rs.8.10 Cr. and the current ratio stood at 0.83 times as on March 31, 2025. The fund based working capital limits were utilized at an average of ~97 percent and non- fund based of 95 Percent over the past 12 months ending August 2025. Acuite expects that the liquidity of the group is likely to be Adequate over the medium term on account of healthy cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	688.26	212.92
PAT	Rs. Cr.	20.14	21.16
PAT Margin	(%)	2.93	9.94
Total Debt/Tangible Net Worth	Times	3.39	3.10
PBDIT/Interest	Times	3.65	10.05

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

None

Any Other Information

The enforcement directorate (ED) has reportedly included KS Smart Solutions Private Limited in a larger money laundering of Rs. 1000 Cr investigation involving the Tamil nadu state marketing corporation (TASMAC) Liquor trade. The Enforcement Directorate (ED) conducted a one-time search at the residence of Mr. Keshav, Managing Director of KS Smart Solutions Private Limited, and found no evidence of wrongdoing or irregularities. No search was carried out at the company's premises. No FIR, charge, or proceeding has been initiated against KS Smart Solutions or Mr. Keshav, further the company's operations remain unaffected.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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. 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.

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
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.	95.35	Simple	ACUITE A3 Assigned
City Union Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUITE A3 Assigned
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB- Stable Assigned
City Union Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	31.49	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE A3 Assigned
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	01 Feb 2025	Not avl. / Not appl.	07 Jan 2032	44.16	Simple	ACUITE BBB- Stable Assigned

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr No.	Company name
1	KS Smart Solutions Private Limited
2	Southern Electric Metering Private Limited
3	Five28 LLP

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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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