Kaizen Infracon

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	200.00	CARE BBB; Stable / CARE A3+	Upgraded from CARE BBB-; Stable / CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Kaizen Infracon (KI) considers sustenance of scale of operations and profitability, comfortable financial risk profile and improvement in liquidity position. Ratings further continue to favourably factor in long track record of KI's promoters in the civil construction business through their group concern, Iron Triangle Limited (ITL: rated 'CARE A; Stable / CARE A1') and moderate order book.

However, rating strengths are constrained by its dependence on sub-contracting from ITL, the firm's profitability susceptible to volatile input prices, and its presence in a highly fragmented and competitive construction industry. Ratings also factor in the geographical, client, and segmental concentration of its order book.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in total operating income (TOI) above ₹650 crore with improvement in its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin on a sustained basis, and buildup of order book at 3x or above of TOI FY25 (audited, FY refers to period from April 01 to March 31).

Negative factors

- Decline in PBILDT margin below 6% on a sustained basis.
- Deterioration in overall financial risk profile owning to increased reliance on external borrowings.

Analytical approach: Standalone, factoring in managerial, operational, and financial linkages with its group company ITL.

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectations that KI will continue to benefit from its promoters' long-standing experience in the construction industry and sustain the growth in its scale of operations, and maintenance of its moderate financial risk profile.

Detailed description of key rating drivers:

Key strengths

Sustaining moderate scale of operations and profitability

In FY25, KI's scale of operations continue to remain moderate marked by TOI of ₹425.95 crore (PY: ₹541.81 crore) against ₹174.92 crore in FY23. In the current year, KI has booked sales of ~₹50 crore till June 30, 2025, and ~₹100 crore is under work-in-progress, and it is expected to achieve TOI of ~₹450-500 crore for FY26, considering orders on hand. Increase in scale of operations in FY24 and FY25 is due to three hospital construction projects and receipt of deviation work thereon on sub-contracting basis from ITL. Moderation in TOI in FY25 compared to FY24 is considering delays in receipt of key work orders owing to union election and state elections in Odisha.

In FY25, KI reported moderate operating margin marked by PBILDT margin of 9.03% and profit after taxation (PAT) margin of 5.40% against 6.56% and 6.04% respectively in FY24. PBILDT margin improved considering receipt of high margin deviation work and execution of relatively small projects from other contractors and reduced reliance on ITL for subcontracting projects.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Moderate orderbook from strong counterparties

KI's order book stood at ₹612.82 crore (excluding GST) as on March 31, 2025 (₹679.65 crore as on March 31, 2024) and has been awarded two L1 projects amounting to ₹125.13 crore (excluding GST) in Q1FY26. This translates to an order book-to-sales ratio of 1.73x based on TOI of FY25, indicating moderate revenue visibility in the medium term. KI's order book is primarily from its group company, ITL, and remaining from reputed private parties and government authority, hence counterparty credit risk remained limited. All contracts in the order book include a built-in price escalation clause, which provides partial protection against risks, arising from adverse price movements of major inputs such as raw materials. This protection is important given the absence of annual price or volume contracts with approved raw-material suppliers.

Comfortable financial risk profile

The firm's capital structure remains comfortable marked by overall gearing of 0.20x as on March 31, 2025 (PY: 0.10x) owning to lower debt level against a moderate net worth of ₹110.04 crore (FY24: ₹54.11 crore). It is envisaged to deteriorate marginally in the projected period owing to availment of working capital limits in line with expected increase in execution of direct bid orders, though shall remain comfortable. To support incremental working capital requirements in absence of working capital limits sanctioned presently, partners had infused additional capital amounting to ₹33.11 crore in FY25.

Debt protection metrics marked by PBILDT interest coverage and total debt to gross cash accruals (TD/GCA) continued to remain comfortable at 20.77x (PY: 30.95x) and 0.88x (PY: 0.16x), respectively, as on FY25-end.

Experienced promoters

KI is co-promoted by Hardik Rangani, son of Bhovan Rangani, who is one of the co-promoters of ITL.

ITL has an established presence of over three decades in the construction sector, while KI has gradually scaled up its operations in the last few years. KI has strong business linkages with ITL, where ITL awards contracts on back-to-back sub-contract basis to KI. As on March 31, 2025, ~89% of KI's unexecuted orderbook is from ITL. Apart from ITL, KI also executes projects for reputed private players and government authorities.

Promoters have demonstrated track record of providing financial support in the form of unsecured loans (USL) / capital for funding working capital requirements.

Key weaknesses

Geographical, segmental, and client concentration of order book, and order concentration

KI has majorly executed projects for construction of buildings on back-to-back subcontracting from ITL in previous years. As on March 31, 2025, ~95% of KI's outstanding orderbook consists of building construction and ~88% projects are in Odisha, resulting in high segmental, geographical, and client concentration. KI's existing orderbook consists of three projects accounting for ~49% of the unexecuted orderbook. This depicts high dependence of firm's revenue on a few projects, and delays in execution of the high-value projects due to non-receipt of requisite approvals may impact its revenue generation significantly. Concentration of the order book in one state exposes KI to adverse changes in political environment or policy matters that could affect the projects at large.

However, KI is favourably placed for execution of projects in Odisha where it has established in-house managerial resources and local knowledge generally required for smooth execution of projects. Further, KI has started bidding in Gujarat and Maharashtra. In FY25, the firm also executed few projects, which were subcontracted from parties other than ITL and also started own bidding and enter other segments of construction such as road and bridge over river. Though majority projects subcontracted from ITL, these projects are from state and urban development authorities and funded by reputed authorities such as Asian Development Bank, and Japan International Cooperation Agency (JICA), among others, translating into low counterparty credit risk.

Overall, scaling up of the current orderbook and completion of contracts within specified timelines shall remain crucial from credit perspective.

Susceptibility of the firm's profitability to volatile input prices

The execution period of contracts of KI usually ranges from 18 to 36 months. Thus, its profitability remains susceptible to fluctuations in input prices such as those of pipes, steel, cement, and sand, among others. Presence of price escalation clause (whole price index [WPI] linked) in contracts of the orderbook, insulates the firm's profitability to a certain extent.

Presence in a highly fragmented and competitive construction industry

KI is a mid-sized player operating in the intensely competitive construction industry, where projects are awarded based on relevant experience of the bidder, financial capability, and most attractive bid price. The competitive intensity is considering presence of large number of contractors resulting in aggressive bidding, which restricts margins. However, thrust of the government on infrastructure development is expected to positively impact mid-sized construction players such as KI in the medium term.

Liquidity: Adequate

KI's liquidity further improved and remained adequate marked by healthy free cash and bank balance and liquid investments, adequate GCA against small amount of debt repayment obligations, and positive cashflow from operations.

As on March 31, 2025, KI had a free cash and bank balance increased to ₹53.81 crore against ₹7.09 crore, apart from lien marked fixed deposits (FDs) of ₹22.66 crore (PY: ₹5.72 crore) majorly owing to infusion of capital by partners. KI reported cash flow from operations (CFO) of ₹15.85 crore in FY25 against negative ₹5.27 crore in FY24 owing to an increase in operating profitability and increase in creditors, which are partially offset by increase in receivables with significant scale up of operations.

KI is envisaged to generate GCA in the range of ₹20-30 crore in FY26, FY27 & FY28 against repayment obligation ranging ~₹2-2.5 crore in the same period.

The construction segment is inherently working capital intensive primarily due to funding requirement towards the security deposits, retention amount and margin money for the non-fund-based facilities, apart from inventory and receivables. Going forward, working capital requirement is envisaged to increase with growth in scale of operations and execution of own bid projects, and thus the firm has sanctioned fund and non-fund-based working capital limits of ₹75 crore and proposed limit of ₹125 crore, which is expected to aid its liquidity cushion.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Gujarat-based KI started its operations as a partnership firm in 2017. The firm is promoted by Bhovan Rangani, Hardik Rangani, and Bhavna Rangani.

KI primarily operates as an engineering, procurement, and construction (EPC) contractor /sub-contractor for construction of buildings in Odisha. The firm has constructed types of buildings, including commercial, residential, institutional, hospitals, medical colleges, government administrative buildings, and civil infrastructure work.

KI registered as a "AA" Class contractor with Executive Engineer District (Roads and Buildings Division), Government of Gujarat, and a "Super" Class contractor with Engineer-in-Chief (Civil) Odisha, Government of Odisha.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	541.81	425.95
PBILDT	35.57	38.45
PAT	32.73	23.01
Overall gearing (times)	0.10	0.20
Interest coverage (times)	30.95	20.77

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	200.00	CARE BBB; Stable / CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	200.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB-; Stable / CARE A3 (13-Nov-24)	-	-

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Sajni Shah Assistant Director **CARE Ratings Limited** Phone: 079-40265636 E-mail: Sajni.Shah@careedge.in Devangi Shah Lead Analyst **CARE Ratings Limited** E-mail: Devangi.shah@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

For detailed Rating Report and subscription information, please visit www.careratings.com