

## Kumar Electricals And Power Infra Private Limited

December 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	225.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited has been seeking information from Kumar Electricals And Power Infra Private Limited to monitor the rating vide e-mail communications/letters dated 07th October 2025, 10th October 2025, 29th October 2025 and 07th November 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited's opinion is not sufficient to arrive at a fair rating. The rating of Kumar Electricals and Power Infra Private Limited's bank facilities has been downgraded and moved to issuer no cooperating category to CARE BB; Stable ISSUER NOT COOPERATING \* from CARE BB+; Stable.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating. The revision in rating is on account of non-availability of information.**

The revision in the rating assigned to the bank facilities of Kumar Electricals and Power Infra Private Limited is on account of non-availability of information.

**Analytical approach:** Standalone

### Detailed description of key rating drivers:

At the time of last surveillance rating on December 06, 2024, following were the key rating strengths and weaknesses

#### Key weaknesses

#### **Significant deterioration in credit metrics owing to change in treatment of unsecured loan and deterioration in PBILDT margins in FY24**

As per the business transfer agreement (BTA) dated November 03, 2022, entire business was transferred from Kumar Electricals (KE; partnership firm) to Kumar Electricals and Power Infra Private Limited (KEIPL). KE had net worth of ₹104 crore of which ₹23 crore (share premium) were converted to KEIPL's equity share capital and the balance of ₹81.01 crore unsecured loans, with the approval of lenders and the entire unsecured loans were subordinated to the bank and cannot be withdrawn per the sanction terms. Hence, this was treated as quasi equity in our last review aligned with CARE Ratings Limited's (CARE Ratings') Policy.

However, there has been reduction in the unsecured loan from promoters/directors subordinated to the bank to ₹70.38 crore per the audited balance sheet of FY24. Further, the company has infused ₹18.45 crore unsecured loans in May 24 per the CA certificate shared, which however, stands reduced per the half yearly number shared by the company to ₹60.26 crore as on H1FY25. Also, as we understand the infused USL is from directors, relatives and friends resulting in frequent changes. Accordingly, CARE Ratings has treated the unsecured loan from promoters as debt in current review due to the company not-adhering to the sanction norms set for sub-ordinated debt thus, impacting the credit metrics significantly. There has been dip in profitability margins due to increase in raw material prices considering delayed execution of ongoing orders, resulting which the PBILDT margins declining to 7.52% in FY24 when compared to 9.99% in FY23. Until FY23, the utilisation of LC was low however, this has also increased in FY24, thus further impacting the debt levels as on March 31, 2024.

#### **Stretched liquidity on the back of delayed receivables, high dependency on working capital and inadequate limits to execute existing orders**

The company has witnessed stretched liquidity on account of delayed receivables resulting into high dependency on working capital borrowings. The company usually receives the payment within 45 days from the day of invoice raised. However, as a result of delayed payments from one of its key customers coupled with inadequate working capital limits had resulted in stretch in liquidity which further resulted in LC devolvement and overutilisation of CC limits in July 2024, which however, was regularised in

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

two days. The company had raised the invoice in mid of May'24 which was expected to receive by end of June'24. Same got delayed by another month because of approvals at customer end and was received on July 31, 2024

Though there has been an improvement in receivables, the utilisation of limits remains high, also, the company has got additional sanction of working capital from other lender in March 2024, which was made available for use from June 2024. However, due to lack of creation of adequate security, the company was allowed to utilise partial limits. In the absence of security charge creation, the company was asked to keep fixed deposit (FD) of ~₹14 crore to be kept as lien for facility sanctioned by HDFC. FD lien money will remain in the bank and will be released post the company meeting the minimum collateral requirement criteria. Accordingly, the liquidity is expected to remain stretched in the near term given the facilities are yet to be released for the enhanced facility, continued high utilisation of existing limits and bank guarantee (BG) given to the customers as retention money are on an increasing trend which will take longer time to get it released and there are no near term BG release expected. The company's working capital requirement to remain elevated as the company has an unexecuted order book of over ₹1,000 crore and continued high receivable and inventory levels. Hence, timely receipt of payments from customers and timely release of enhanced limits remains critical for execution of orders. Although, the receivable has decreased slightly as on September 30, 2024, the inventory and payable continue to remain high.

### **Margins continue to remain on declining trend despite growing scale**

Post the business transfer agreement (BTA) dated November 03, 2022, where entire business was transferred from Kumar Electricals (KE; partnership firm) to Kumar Electricals and Power Infra Private Limited (KEIPL), the company has grown from ₹211.49 crore in FY23 to ₹346.80 crore in FY24 backed by adequate orderbook position. However, there has been dip in profitability margins due to increase in raw material prices considering delayed execution of ongoing orders. PBILDT margins have declined to 7.52% in FY24 when compared to 9.99% in FY23. Despite growing scale, PBILDT margins remain on the declining trend, considering continued increase in raw material costs lead by delayed execution. Accordingly, the company reported gross cash accruals (GCA) of ₹15.07 crore in FY24 against healthy GCA of over ₹26.02 crore projected for FY24.

### **Geographical and customer concentration risk**

The company has been receiving orders only from Karnataka. The company's ability to diversify its geographical presence needs to be seen in the medium term. In addition, the company also faces customer concentration risk as of the total order book of ₹1,003.23 crore, one single order is of ₹803.04 crore from KPTCL for the commissioning of power station.

### **Business risk associated with tender-based orders**

The company majorly undertakes government projects, which are awarded through the tender-based system. The company is exposed to risk associated with the tender-based business, which is characterised by intense competition. Growth of business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. Furthermore, changes in government policy or government spending on projects are likely to affect the company's revenue. Hence, timely receipt of bills raised with the government works departments for work completed remains crucial.

### **Key strengths**

#### **Satisfactory order book position albeit no pipeline for new orders.**

The company has been able to successfully bid for electrical contracts in Karnataka. It has been able to execute projects for state government departments in Karnataka. The company continues to have healthy order book position of ~₹1,003 crore as on November 13, 2024, translating to orderbook/sales of 2.89x. Of these orders, one big order of the sum ~₹803 is from KPTCL for establishing 2\*500MV, 400/200KVA Substation at Yalwar (Hadagali) in Vijayapura. Scope of work includes construction of sub stations, civil and erection work, renovation, and modernisation work related to sub-station in Karnataka. Though, the company has satisfactory orderbook position in hand, the company does not have a pipeline for new orders considering slow order flow from government bodies in Karnataka.

#### **Experienced promoters and management with long track record of operations**

R V Rohit, Chairman and Managing Director, KEIPL, is an electrical engineer and has experience of over two decades in the industry. He manages the day-to-day working of projects, market development, and tendering. Directors are well-supported by a team of qualified professionals, having experience in this business. Although, business transfer from KE to KEIPL was effective from November 02, 2022, KE had a long operational track record in the electrical business since 1978. With its proven track record, KE has established its presence in the market, which has resulted in continuous improvement in the company's scale.

#### **Liquidity: Stretched**

KEIPL's liquidity profile is stretched marked by delay in receivables from its customers which further caused liquidity mismatch in the company resulting in devolvement of LC, which was however, regularised within two days. The bank limit utilisation continues to remain high. The maximum utilisation of working capital limits of Canara Bank continued to remain high at 97% in the last three months ended October 2024, with overdrawals in CC account in July 2024, which was however regularised within two days. As on September 30, 2024, cash and cash equivalents including FD stood at 28.08 crore out of which ₹27.94 crore is parked as lien marked FD against availed working capital limits in bank, keeping the free cash and cash equivalent at modest level. The current ratio also moderated to 1.52x in FY24 (PY: 2.69X).

## Applicable criteria

- [Definition of Default](#)
- [Information Adequacy Risk and Issuer Non-Cooperation](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Construction Sector](#)
- [Infrastructure Sector Ratings](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

KEPIPL was incorporated on October 8, 2021. KEPIPL entered a business transfer agreement (BTA) on November 3, 2022, with Kumar Electricals (KE, their partnership firm, KE was established in 1978 as a proprietorship firm and was reconstituted to partnership firm in 2004) to transfer business activity of Kumar Electricals (KE) to KEPIPL. KEPIPL is engaged in planning, designing and executing electrical turnkey projects in Karnataka.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	211.49	346.80
PBILDT*	21.12	26.08
PAT	14.29	14.75
Overall gearing (times)	0.21	3.12
Interest coverage (times)	8.86	5.34

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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 - LT-Cash Credit		-	-	-	50.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-BG/LC		-	-	-	175.00	CARE BB; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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	Non-fund-based - LT-BG/LC	LT	175.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (06-Dec-24)	1)CARE BBB; Stable (11-Mar-24) 2)CARE BBB; Stable (05-Apr-23)	-
2	Fund-based - LT-Cash Credit	LT	50.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (06-Dec-24)	1)CARE BBB; Stable (11-Mar-24) 2)CARE BBB; Stable (05-Apr-23)	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; 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 - LT-Cash Credit	Simple
2	Non-fund-based - LT-BG/LC	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

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