

## H K Infracon Private Limited

December 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	8.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	9.00	CARE A4; ISSUER NOT COOPERATING*	Rating 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 ("CareEdge Ratings") has been seeking No default statement from H K Infracon Private Limited (HKIPL) to monitor the ratings vide e-mail communications dated November 25, 2025, November 24, 2025, and November 21, 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, CareEdge Ratings has reviewed the rating on the basis of the best available information which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. The rating on HKIPL's bank facilities will now be denoted as CARE B; Stable; CARE A4 ISSUER NOT COOPERATING\*

**Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).**

The downgrade in ratings assigned is on account of non-availability of requisite information for continuous monitoring of the ratings, due to non-cooperation by HKIPL with CareEdge Ratings, to provide the No Default Statement (NDS) on monthly basis. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk.

Further, the ratings are tempered on account of the company's presence in a highly fragmented and highly competitive industry landscape. The ratings however continue to draw comfort from the experience of the promoters with an established track record in the construction industry.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on February 25, 2025, the following were the rating strengths and weaknesses

#### Key weaknesses

##### **Modest net worth base resulting in to leveraged capital structure and weak debt coverage indicators albeit improvement in FY24**

The net worth base of the company is modest at Rs. 7.09 crore as on March 31, 2024. Despite established track record of more than a decade, the company's low net worth base limits the financial flexibility of the company during exigencies and industry downturn. The company relies on unsecured loan from promoters and working capital borrowings for its operations of the business. The total debt the company of Rs. 19.89 crore as on March 31, 2024, primarily consisted of Rs. 8.08 crore of working capital borrowings, unsecured loan of Rs. 10.94 crore from promoters and Rs. 0.88 crore of long-term borrowing. Consequent to low net worth base, the capital structure of the company remains leveraged marked by overall gearing of 2.81x and total outside liabilities-to-tangible net worth (TOL/TNW) of 3.55x as on March 31, 2024. Also, the debt coverage indicators remain weak marked by high total debt-to-gross cash accruals (TD/GCA) at 9.06x in FY24, albeit improved from 30.15x in FY23. Improvement is owing to increased GCA level in FY24.

##### **Small scale of operations albeit improvement in FY24; profitability witnessed decline in FY24**

In FY24, the company demonstrated recovery in TOI after registering dip in FY23. TOI increased to Rs. 31.37 crore from Rs. 16.08 crore in FY23 marked by higher execution of orders mainly from State Government departments. Despite registering growth, scale of operations remains small. Furthermore, the company has achieved a top line of Rs. 33 crore in 10MFY25 compared to Rs. 14.79 crore in 7MFY24. The consistent improvement in scale of operations is owing to new orders secured by the company. The operating margins deteriorated in the current year marked by PBILDT margins declining by 654.71 bps to 9.48% in FY24 vis-à-vis 16.03% in FY23. The decline in margins is owing to increase in operating expenses specifically labour, job work related, and

<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.

other operating expenses on account of improved scale of operations. Furthermore, operating margins have been impacted due to executing some low-margin contracts.

#### **Working capital intensive nature of operations**

As a result of tender based nature of business coupled with dependency on state government for orders, the operation of the company remain working capital intensive in nature. The operating cycle of the company remains elongated, though improved from 450 days in FY23, at 256 days in FY24. The improvement in operating cycle is marked by reduction in inventory holding period in FY24 to 243 days from 461 days in FY23. Receivable days improved to 66 days in FY24 from 145 days in FY23, too.

#### **Highly competitive and fragmented industry coupled with tender-driven nature of operations**

HKIPL operates in tender-based environment which is characterized by intense competition and fragmented nature of industry resulting in moderate operating profit margins for the company. The growth of business depends entirely upon the company's ability to successfully bid for tenders and emerge as the lowest bidder.

#### **Geographical Concentration with operations confined to Gujarat region**

The construction industry in India is highly fragmented with many small and mid-sized players present at regional level. This coupled with tendering process in order procurement results into intense competition within the industry, fluctuating revenues further exerts pressure on the profit margins of the players. Profitability in construction is influenced by several factors, including the project's scale, location, and complexity. HKIPL is a relatively small player with operations concentrated largely in Gujarat, hence the business is exposed to geographical concentration risk. Major projects completed in recent history have been from Gujarat and few orders from different states such as Madhya Pradesh. The outstanding unexecuted orderbook position of HKIPL, as on February 18, 2025, pertains to projects majorly in Gujarat. The company's expertise lies in the construction of buildings.

#### **Key strengths**

##### **Experienced promoters with established track record**

HKIPL was established as a partnership firm in the year 2009 and later converted into private limited in year 2012. The operations are managed by Mr. Hitesh Kumar Patel and Mr. Amit Kumar Patel with each of them having an experience of more than two decades in the construction industry. Both the promoters look after operations with support from a team of experienced personnel. Being in the industry for over a decade coupled with the experience of the promoters, the company has established itself as an AA contractor in Building category in Gujarat State.

##### **Comfortable orderbook position**

The unexecuted orderbook stands at 67.88 crore as on February 18, 2025, resulting in the orderbook-to-sales (FY24) ratio of 2.16 times which provides revenue visibility for short to medium term. However, timely execution remains a key monitorable.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

#### **Applicable criteria**

[Information Adequacy Risk and Issue Non-Cooperation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

K Infracon Private Limited (HKIPL) was established in the year 2009 as Partnership firm by Mr. Hitesh Kumar and Mr. Amit Kumar, later converted into Private Limited on July 26, 2012. It has a registered office in Mehsana, Gujarat, India. HKIPL is engaged in the construction of building, Civil construction, repairing as well in construction of allied bridges. HKIPL is a Gujarat and Madhya Pradesh State registered AA contractor in Building category.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	16.08	31.37
PBILDT	2.58	2.98
PAT	0.16	1.77
Overall gearing (times)	3.69	2.81
Interest coverage (times)	1.24	1.70

A: Audited UA: Unaudited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	8.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	9.00	CARE A4; 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 - ST-Bank Guarantee	ST	9.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (25-Feb-25)	1)CARE A4 (05-Jan-24)	1)CARE A4 (28-Dec-22)
2	Fund-based - LT-Cash Credit	LT	8.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (25-Feb-25)	1)CARE B+; Stable (05-Jan-24)	1)CARE B+; Stable (28-Dec-22)

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

LT: Long term; ST: Short term

### Annexure-3: Detailed explanation of covenants of rated instruments/facilities

**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 - ST-Bank Guarantee	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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