

Rating Rationale

1 Oct 2026

KDH Infra Engineering Private Limited (KIEPL)

SUMMARY OF RATING ACTION

Facilities / Instrument	Tenure	Amount (₹ crore)		Rating Assigned & Outlook		Regulator
		Previous	Present	Previous (March 13, 2026)	Present	
Fund-Based	Long Term	58.78	78.51	BWR BBB -/Stable; Assigned	BWR BBB -/Stable; Reaffirmed	RBI
Non-Fund-Based	Long Term	55.00	135.00	BWR BBB -/Stable; Assigned	BWR BBB -/Stable; Reaffirmed	RBI
Total		113.78	213.51			

Note:

- Please refer to the BWR website www.brickworkratings.com for the definition of the ratings
- Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated.
- The facility's maturity profile extending beyond 12 months necessitates the assignment of a Long-Term Rating, as short-term scales are reserved for instruments with tenors of one year or less

RATING ACTION/OUTLOOK

Brickwork Ratings has reaffirmed the long-term rating at BWR BBB- (Stable) for the existing bank loan facilities of Rs. 113.66 Crore and assigned BWR BBB- (Stable) to fresh facilities of Rs. 99.85 Crore, covering total bank loan facilities aggregating to Rs. 213.51 Crore of KDH Infra Engineering Private Limited (KIEPL). The rating action is supported by KIEPL's strong operational scale expansion, with Total Operating Income doubling YoY to Rs. 361.74 Crore in FY26 (Provisional), alongside healthy operating profitability (EBITDA of Rs. 35.26 Crore) and robust debt serviceability (ISCR at 3.99x and DSCR at 1.63x). The capital structure continues to strengthen organically through 100% net profit retention (PAT of Rs. 17.93 Crore), compressing funded gearing down to 3.71x (0.82x on an Adjusted ATNW basis). Liquidity remains adequate, bolstered by post-FY26 trade receivable cash realizations of Rs. 267.69 Crore, unutilized bank guarantee headroom of Rs. 34.59 Crore, and strong revenue coverage (~3.36x) backed by an unexecuted order book of Rs. 1,217.00 Crore. The 'Stable' outlook reflects the agency's expectation that KIEPL will maintain its execution momentum, preserve operating margins in the 9.00%–9.80% band, and sustain comfortable cash flow protection over the medium term.

The stable outlook reflects expectations that the company will continue to benefit from its experienced promoter, established relationships with Karnataka irrigation departments, and a healthy unexecuted order book, which together provide medium-term revenue visibility.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

The facility carries standard financial and operational covenants typical for such credit facilities.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	General Criteria Approach to Financial Ratios Rating Criteria for Engineering, Procurement and Construction (EPC) Companies
Parent/Group/Government Support	Not Applicable
Analytical Approach (Consolidation/Standalone)	For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale)

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

Experienced Promoter and Established Industry Relationships:

The company continues to benefit from the extensive experience of its promoter, Mr. K. Dodda Hanumanthappa, who has over two decades of track record in the irrigation EPC segment (promoter group execution history exceeding Rs. 1,600 Cr). Longstanding relationships with Karnataka state irrigation authorities, specifically Karnataka Neeravari Nigam Limited (KNNL), Visvesvaraya Jala Nigam Limited (VJNL), and Krishna Bhagya Jala Nigam Limited (KBJNL) ensure steady repeat business visibility and sovereign counterparty credit comfort.

Strong Unexecuted Order Book Providing High Revenue Visibility:

The company maintains a robust unexecuted order book of Rs. 1,217.00 Cr (up from Rs. 1,023 Cr in Jan 2026), offering 3.36x top-line coverage against FY26 revenue. Combined with active tender bids in the pipeline, this ensures strong medium-term revenue visibility, supported by 100% state utility backing.

Significant Top-Line Expansion & Sustained Operating Profitability:

In FY26 (Prov.), Total Operating Income doubled to Rs. 361.74 Cr (Rs. 179.99 Cr in FY25), reflecting rapid execution acceleration in its first full year of corporate operations. Operating profit (OPBDIT) expanded to Rs. 35.26 Cr (Rs. 16.78 Cr in FY25), maintaining a healthy operating margin of 9.75% (9.32% in FY25). Absolute Net Profit (PAT) grew to Rs. 17.93 Cr (Rs. 11.06 Cr in FY25), yielding a net margin of 4.96% (6.14% in FY25),

Expanding Capital Base & Subordinated Promoter Support:

Financial flexibility is backed by Rs. 60.13 Cr of non-interest-bearing promoter unsecured loans. Tangible Net Worth (TNW) expanded significantly to Rs. 37.99 Cr (Rs. 20.06 Cr in FY25) via 100% profit retention. Furthermore, the completed corporate migration to a private limited structure enhances bidding eligibility for larger EPC tenders and improves institutional bank limits

Credit Risks

Working Capital-Intensive Operations:

The EPC business remains inherently working capital-intensive due to milestone billing, retention money holdbacks, and project site execution cycles. Receivable days stretched to 182 days in FY26 (139 days in FY25), with gross trade receivables at Rs. 222.81 Cr, though partially offset by elongated trade payable days of 365 days (371 days in FY25).

Exposure to government counterparties and payment delays :

The company derives the majority of its revenue from state irrigation departments, exposing it to risks of delayed payment releases linked to budgetary allocations and administrative processes. Execution pace may be affected by such delays, despite relatively strong counterparty credit profiles.

RATING SENSITIVITY FACTORS

Positive Sensitivities

Strengthening of financial risk profile, with Total Debt/ATNW and TOL/ATNW below 1.50x, while maintaining the current rate of growth and margins profile

Negative Sensitivities

Weakening of operating performance, evidenced in degrowth of revenue and profitability or any further elongation in the working capital cycle or an increase in TOL/A TNW above 5.00X.

LIQUIDITY POSITION -

The liquidity profile of KDH Infra Engineering Private Limited (KIEPL) remains adequate, supported by gross cash accruals of Rs. 19.43 Crore in FY26 against scheduled 12-month Current Portion of Long-Term Debt (CPLTD) obligations of Rs. 2.80 Crore (and H1 FY27 NCA of Rs. 4.98 Crore). As of March 31, 2026, cash and bank balances stood at Rs. 0.08 Crore (compared to Rs. 0.05 Crore as on March 31, 2025), alongside a current ratio of 1.13x. Average fund-based cash credit (CC) limit utilization stood at 72.14% for the 12 months ended August 2026 under the fund-based limit. Meanwhile, the non-fund-based (Bank Guarantee) limits at Karnataka Bank Ltd were enhanced from Rs. 55.00 Crore to Rs. 125.00 Crore in January 2026, creating an unutilized BG headroom of ~Rs. 34.59 Crore to support active bidding and contract execution. Integrated the 3.99x ISCR figure for FY2026 (vs. 3.00x in FY2025), demonstrating that operating EBITDA expansion (Rs. 35.26 Cr) easily absorbs finance costs. Added the 1.63x DSCR figure for FY2026, emphasizing that the 1-year ECLGS principal moratorium shields cash flows and enhances debt serviceability.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The company demonstrates an Adequate ESG profile, reflecting structured sustainability practices, social integration initiatives, and corporate governance frameworks suited to large-scale infrastructure operations:

Environmental: The company contributes to environmental sustainability through the construction of irrigation systems, canals, and tanks, which are vital for efficient water management and groundwater recharge. Its projects help mitigate the impact of droughts and promote sustainable agricultural practices across Karnataka. During execution, the company adheres to state-level environmental regulations regarding site management and resource conservation.

Social: KDH Infra plays a significant role in rural development by providing infrastructure that secures the livelihoods of farming communities. The company supports local employment by hiring labor for project sites and maintains essential safety and welfare standards for its workforce. Its activities foster regional economic growth and improve water accessibility in underserved areas.

Governance: The transition from a proprietorship to a private limited structure in FY2026 marks a positive step toward institutionalizing the business and enhancing financial transparency. While the company is closely held by the promoter group, it maintains a disciplined capital structure supported by interest-free promoter funding. Future governance focus remains on the full consolidation of business assets and further strengthening of independent oversight.

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

Mr Kampli Dodda Hanumanthappa commenced operations through a proprietorship concern in June 2004, primarily undertaking civil engineering works, including irrigation projects, construction of tanks, canals, and related infrastructure. Leveraging over two decades of experience in the EPC sector, the promoter has developed strong execution capabilities and long-standing associations with key Government entities such as Karnataka Neeravari Nigam Limited (KNNL), Visvesvaraya Jala Nigam Limited (VJNL), and Krishna Bhagya Jala Nigam

Limited (KBJNL), all of which possess sound credit profiles. In July 2023, the promoter incorporated KDH Infra Engineering Private Limited to consolidate and scale operations under a corporate structure. The private limited entity completed its first full year of operations in FY2025, and from FY2026 onwards, all project execution and order inflows are being undertaken exclusively through the company.

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	FY24 (A)	FY 25 (A)	FY 26 (P)
Operating Revenue	-	179.99	361.74
EBITDA	-	16.78	35.26
PAT	-	11.06	17.93
Tangible Net Worth	-	20.06	37.99
Total Debt/ Tangible Net Worth	-	6.37	3.71
Current Ratio	-	1.36	1.31

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results P: Provisional
 *PBILDT: Profit before interest, lease rentals, depreciation and tax. All ratios as per BWR's calculations;
 Amount in ₹ crore.

RATING HISTORY FOR THE PREVIOUS THREE YEARS

Current Rating (2027)				Rating History					
				FY 2026		FY		FY	
Instrument	Tenor	Amount (₹. Crore)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	78.51	BWR BBB-/ Stable (Assigned)	13 March 2026	BWR BBB-/ Stable (Assigned)	NA	NA	NA	NA
Non Fund Based	LT	135.00	BWR BBB-/ Stable (Assigned)	13 March 2026	BWR BBB-/ Stable (Assigned)	NA	NA	NA	NA

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	Simple
Non-Fund Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY):
 NA

ANY OTHER INFORMATION: None

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Annexure I: Details of Bank Loan Facilities

Sl. No.	Name of the Bank/Lender	Type Of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Regulator
1	Karnataka Bank Ltd	Term loan -Sanctioned	3.66	-	3.66	RBI
2	Karnataka Bank Ltd	Overdraft-Sanctioned	25.00	-	25.00	RBI
3	Karnataka Bank Ltd	Bank Guarantee-Sanctioned	55.00	-	55.00	RBI
4	Karnataka Bank Ltd	Demand Promissory Note -Sanctioned	30.00	-	30.00	RBI
5	Karnataka Bank Ltd	Bank Guarantee-Proposed	10.00	-	10.00	RBI
6	Karnataka Bank Ltd	Term Loan Outstanding	19.85		19.85	RBI
7	Karnataka Bank Ltd	Bank Guarantee-Sanctioned	70.00		70.00	RBI
			213.51		213.51	

ANNEXURE II: Details of Instruments/Facilities

Name of the Instrument / Facility	Long Term/Short Term	ISIN	Date of Issuance (DD-MMY-YYY)	Coupon Rate (%)	Maturity Date (DDMM-YYYY)	Size of the Issue (₹ cr)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil-

ANNEXURE III: List of Entities Consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No.	Instrument/activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brick Work Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies	NA

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSRs (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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