



## Press Release

### K&R Rail Engineering Limited

March 09, 2026

#### Ratings

| Instrument / Facility      | Amount (Rs. crore) | Current Ratings                                            | Previous Ratings                                    | Rating Action     | Complexity Indicator   |
|----------------------------|--------------------|------------------------------------------------------------|-----------------------------------------------------|-------------------|------------------------|
| Long Term Bank Facilities  | 1.50               | IVR BB-/Stable<br>[IVR Double B Minus with Stable Outlook] | IVR BB/Stable<br>[IVR Double B with Stable Outlook] | Rating Downgraded | <a href="#">Simple</a> |
| Short Term Bank Facilities | 54.50              | IVR A4<br>[IVR A Four]                                     | IVR A4<br>[IVR A Four]                              | Rating Reaffirmed | <a href="#">Simple</a> |
| <b>Total</b>               | <b>56.00</b>       | <b>[Rupees Fifty-six crore only]</b>                       |                                                     |                   |                        |

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has downgraded its rating assigned to the bank facilities for the long-term facilities to IVR BB- with stable outlook and IVR A4 reaffirmed for the short-term facilities of K&R Rail Engineering Limited (KREL).

The ratings have been downgraded on account of decline in revenue and profitability margins in quarterly results for 3<sup>rd</sup> quarter for FY26. The ratings remain constrained by project execution risk with susceptibility of operating margin due to volatile input prices. However, the rating continues to draw comfort from experienced promoters along with comfortable capital structure and debt protection metrics. Further, the ratings take into consideration proven project execution capability with reputed clientele.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that KREL will benefit from its experienced management and healthy order book position indicating revenue visibility in the medium term.

Infomerics Ratings has principally relied on the standalone audited financial results of KREL up to 31 March 2025 (refers to period April 1st, 2024, to March 31st, 2025) and projected financials for FY2026 (refers to period April 1st, 2025, to March 31st, 2026) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.



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### **Key Rating Sensitivities:**

#### **Upward Factors**

- Successful commissioning and completion of projects resulting in sustained increase in Total operating income (TOI)
- Significant increase in profitability; specific credit matrix of earnings before interest, tax, depreciation and amortisation (EBITDA) margin of above 5% on a sustained basis.

#### **Downward Factors**

- Sustained deterioration in profitability and elongation in operating cycle
- Decline in financial risk profile with total outside liabilities to adjusted tangible net worth (TOL/ATNW) above 3.5x on a sustained basis.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced promoters & qualified management team**

The company was established by Mr. Ajaz Farooqi & Asma Farooqi. However, day to day operation is being managed by team of professional directors having an experience of more than a decade. The Directors are being supported by team of professionals having a vast experience in the railway engineering field as majority of them are the retired senior employees of the Indian Railways.

##### **Comfortable capital structure and debt protection metrics**

The company's financial risk profile remains comfortable with an overall gearing ratio stood at 0.18x as on March 31, 2025, compared to 0.41x as of March 31, 2024. TOL/ATNW has improved from 3.13x as on 31-Mar-24 to 2.42x as on 31-Mar-25 on account of repayment of debt. The interest coverage ratio has remained healthy at 14.95x in FY25. Total Debt to NCA stood at 1.77 years in FY25 as against 1.81 years in FY24 on account of decline in total debt.

##### **Proven project execution capability and reputed clientele**

Over the past years, the entity has successfully completed many projects majorly in South Costal Railway region and ensured timely completion of all its projects. The repeat orders



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received from its clientele validate its execution capabilities. The company has built up a strong clientele over the years, which is constantly expanding. Some of the reputed clients served by the company are Zuari Cements Ltd., The Ramco Cements Ltd., Jaypee Balaji Cement Project, ACC Ltd., Kakinada Seaports Ltd., Paradip Port Trust, AP State Ware Housing Corporation, Essar Constructions (I) Ltd, JSW Cement Ltd, Tata Projects (Subarnarekha Port) etc. With such strong clientele company expects constant flow of orders and to maintain its steady growth.

### **Key Rating Weaknesses**

#### **Continuous decline in revenue and profitability margins**

The Total operating income of the company declined by 67.58% and stood at Rs. 133.61 crore in 9MFY26 compared to Rs. 412.10 crore in 9MFY25, due to decrease in inflow of orders. The EBITDA of the company stood at Rs. 1.30 crore in 9MFY26, decreased from Rs. 21.14 crore in 9MFY25. The Net profit of the company stood at negative Rs. 0.51 crore in 9MFY26 compared to Rs. 12.71 crore in 9MFY25. The EBITDA margin of the company declined by 416 bps and stood at 0.97% in 9MFY26 compared to 5.13% in 9MFY25, on account of lower margins earned on executed contracts. The PAT margin of the company declined by 269 bps and stood negative 0.39% in 9MFY26 compared to 3.08% in 9MFY25, in line with EBITDA margin.

#### **Project execution risk**

Since the company is into construction it remains exposed to project execution risk. The value of a project is measured by the ability of the entity to complete any project in a timely manner and in compliance of all committed specifications. Any delays in project execution can have a negative impact on collections from customers and saleability of projects, which can lead to constrained liquidity. Civil construction companies also face challenges relating to shortage of labour, equipment and availability of key raw materials on time. Weather, labour problems and difficulty in terrain may lead to construction delays and cost escalations.



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### **Susceptibility of operating margin to volatile input prices**

Major raw materials used are steel & cement and in road construction activities are stone, steel, cement and sand which are usually sourced from large players/dealers at proximate distances. The raw material & labour (including sub-contracting) cost forms the majority chunk of the total cost of sales for the last three years. As the raw material prices & labour (including subcontracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) cost.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The company's liquidity is adequate and expects sufficient cushion in cash accrual against its scheduled debt repayment obligation. The Current Ratio of the company stood at 1.54x as on March 31, 2025. The unencumbered cash and bank balance as on March 31, 2025, is Rs. 3.53 Crore. The operating cycle of the company is of 23 days in FY25 (FY24: 36 days).

### **About the Company**

KREL is turnkey / EPC Contractor executing Railway Siding Projects across India. It is a listed company promoted and managed by personnels with experience in disciplines of rail engineering, transportation planning and project management and execution of complex railway projects.

The operations of the company are overseen by Mr. Amit Bansal (Director & CEO) having an experience of more than two decades in the sector. The company has constructed major railway siding projects for cement companies, steel industries, ports, fertilizers, power projects, mining industries among others.



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Financials [Standalone]:

(Rs. crore)

| For the year ended/ As on*                        | 31-03-2024     | 31-03-2025     |
|---------------------------------------------------|----------------|----------------|
|                                                   | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income                            | 612.23         | 640.02         |
| EBITDA                                            | 11.14          | 10.13          |
| PAT                                               | 7.12           | 5.47           |
| Total Debt                                        | 18.60          | 13.51          |
| Tangible Net Worth                                | 45.76          | 73.77          |
| EBITDA Margin (%)                                 | 1.82           | 1.61           |
| PAT Margin (%)                                    | 1.16           | 0.85           |
| Overall Gearing Ratio (x)(including quasi-equity) | 0.41           | 0.18           |
| Interest Coverage (x)                             | 8.15           | 14.95          |

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Vide press release dated October 31<sup>st</sup>, 2025; CRISIL Ratings Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.

**Any other information:** None

**Rating History for last three years:**

| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2025-26) |                                |                                                              | Rating History for the past 3 years     |                                                                                            |                                         |
|---------|-----------------------------|--------------------------------|--------------------------------|--------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------|
|         |                             | Type (Long Term/Short Term)    | Amount outstanding (Rs. Crore) | Rating                                                       | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24                                                    | Date(s) & Rating(s) assigned in 2022-23 |
|         |                             |                                |                                | March 06, 2026                                               | January 27, 2025                        | November 08, 2023                                                                          | May 31, 2022                            |
| 1.      | Fund Based Limits           | Long Term                      | 1.50                           | IVR BB-/Stable<br><b>November 20, 2025</b><br>IVR BB/ Stable | IVR BB+/Stable                          | IVR BBB- /Stable<br><b>August 01, 2023</b><br>IVR BB/Negative;<br>ISSUER NOT COOPE RATING* | IVR BB+;<br>ISSUER NOT COOPE RATING*    |
| 2.      | Non-Fund Based              | Short Term                     | 54.50                          | IVR A4<br><b>November 20, 2025</b>                           | IVR A4+                                 | IVR A3<br><b>August 01, 2023</b>                                                           | IVR A4+;<br>ISSUER NOT COOPE RATING*    |



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| Sr. No. | Name of Security/Facilities | Current Ratings (Year 2025-26) |                                |                | Rating History for the past 3 years     |                                         |                                         |
|---------|-----------------------------|--------------------------------|--------------------------------|----------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
|         |                             | Type (Long Term/Short Term)    | Amount outstanding (Rs. Crore) | Rating         | Date(s) & Rating(s) assigned in 2024-25 | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 |
|         |                             |                                |                                | March 06, 2026 | January 27, 2025                        | November 08, 2023                       | May 31, 2022                            |
|         |                             |                                |                                | IVR A4         |                                         | IVR A4; ISSUER NOT COOPERATING*         |                                         |

*\*Issuer not cooperating; Based on best available information*

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).



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### Annexure 1: Instrument/Facility Details

| Name of Facility/<br>/Security            | ISIN | Date of<br>Issuance | Coupon<br>Rate/ IRR | Maturity<br>Date | Size of<br>Facility<br>(Rs. Crore) | Rating<br>Assigned/<br>Outlook |
|-------------------------------------------|------|---------------------|---------------------|------------------|------------------------------------|--------------------------------|
| Long Term Facility<br>– Cash Credit       | -    | -                   | -                   | -                | 1.50                               | IVR BB-/Stable                 |
| Short Term Facility<br>– Bank Guarantee   | -    | -                   | -                   | -                | 44.50*                             | IVR A4                         |
| Short Term Facility<br>– Letter of Credit | -    | -                   | -                   | -                | 10.00                              | IVR A4                         |

*\*Bank Guarantee amounting to Rs. 15.50 crore availed from Axis Bank includes sublimit of Rs. 15.00 crore as Letter of Credit and Bank Guarantee amounting to Rs. 29.00 crore availed from ICICI Bank includes sublimit of Rs. 5.00 crore as Letter of Credit*

### Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/LEN\\_K\\_and\\_R\\_Rail\\_Engineering09\\_March26\\_fddc431315.pdf](https://infomericstorage.blob.core.windows.net/uploads/LEN_K_and_R_Rail_Engineering09_March26_fddc431315.pdf)

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).