



## Press Release

### Neelkanth Infratech Private Limited

**June 25, 2025**

#### **Ratings**

<b>Security / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long Term Bank Facilities	15.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	45.00 (including proposed limit of Rs. 25.00 crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
<b>Total</b>	<b>60.00 (Rupees sixty 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**

The reaffirmation of the ratings assigned to the bank facilities of Neelkanth Infratech Private Limited (NIPL) continues to derive comfort from its experienced promoters, stable business performance of the company albeit moderation in scale of operation in FY25 (Prov.) [FY refers to the period from April 1 to March 31] and improvement in financial risk profile marked by comfortable gearing ratios & satisfactory debt protection metrics. The ratings also note satisfactory order book position of NIPL indicating healthy near-term revenue visibility. However, these rating strengths are partially offset by revenue concentration risk, exposure to project execution risk, susceptibility of operating margin to volatile input prices, presence in a highly competitive and tender driven industry and working capital intensive nature of NIPL's operation.

The stable outlook reflects that the business performance of NIPL will continue to remain stable in the near to medium term on the back of increased thrust of the government on improvement in infrastructure sector.

#### **Key Rating Sensitivities:**

##### **Upward Factors**



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- Growth in scale of operations with improvement in profitability leading to sustained improvement in net cash accruals
- Sustenance of the capital structure with overall gearing ratio at below 1x and/or improvement in debt protection metrics
- Effective management of working capital leading to reduction in its operating cycle and improvement in liquidity position

### **Downward Factors**

- Dip in operating income and/or profitability impacting the debt protection metrics on a sustained basis
- Moderation in the capital structure with deterioration in overall gearing to more than 1.5x and/or moderation in interest coverage ratio to below 3x
- Moderation in the operating cycle leading to any deterioration in liquidity profile

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

#### **Key Rating Strengths**

##### **Experienced promoters**

The current promoters of the company are Mr. Tejabhai Kangad and Mr. Khimji Bhai A. Kangad. Mr. Tejabhai Kangad has an extensive experience of more than three decades in the construction industry by virtue of being a proprietor of a firm named Patel Construction and Mr. Khimji Bhai A. Kangad has experience of around a decade in the construction industry. The promoters of NIPL have presence in the civil construction of more than 10 years. The main promoter of NIPL, Mr. Teja Kangad has an experience of more than three decades in this industry and Mr. Khimji Kangad has experience of around 10 years in this industry. Both of them together looks after the overall operation of the company along with adequate support from a team of qualified professionals.

##### **Comfortable order book position**

As on 31<sup>st</sup> May 2025, unexecuted order book of the company stood at Rs.745.63 crore, which is 4.26 times of the revenue in FY25 (Prov.). Most of these orders are expected to be completed within the next 12-18 months years, indicating a satisfactory near to medium term revenue visibility.

##### **Stable business performance albeit moderation in scale of operation**

The total operating income of NIPL has moderated from Rs.274.52 crore in FY24 to Rs.175.11 crore in FY25 (Prov.). The decline in turnover was due to no operations for



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almost 4 months at all sites due to non-availability of black stone from mines. All mines owner in Gujarat were on strike almost for 3 months due to some lease renewal policy change against state government which effected work to huge extent.

Despite moderation in topline, the operating profit of the company has improved from Rs.27.29 crore in FY24 to Rs. 28.63 crore in FY25 (Prov.). Some work of earlier years got completed during previous year. Extra work bills were released during previous year to various companies. Some price escalation difference bills were also issues to parties during previous year, expenses of which were already booked during earlier period. So, profit is higher as compared to turnover. With improvement in absolute EBITDA, the EBITDA margin has increased from 9.94% FY24 to 16.35% in FY25 (Prov.). In line with improved EBITDA margin, PAT margin has improved from 5.55% in FY24 to 7.39% in FY25 (Prov.). Fueled by increase in profitability, net cash accruals have also improved marginally from Rs.19.38 crore in FY24 to Rs.21.04 crore in FY25 (Prov.). However, timely execution of projects along with timely receipt of contract proceeds from the authorities will remain critical from the credit perspective.

### **Improved financial risk profile marked by comfortable gearing ratios and satisfactory debt protection metrics**

During FY25 NIPL has infused equity in the form of securities premium as business of Patel Construction Company merged with NIPL at a total consideration of ~126 crore. Aided by the same the net-worth of the company improved from Rs.23.36 crore as on Mar 31, 2024 to Rs.162.34 crore as on Mar 31, 2025 (Prov.). The capital structure of the company marked by long-term debt equity ratio and overall gearing ratio has improved and stood at 0.24x and 0.35x respectively as on March 31, 2025 (Prov.) as against 1.13x and 1.36x respectively as on March 31, 2024. Further, the total indebtedness marked by TOL/TNW also improved to 0.72x as on March 31, 2025 (Prov.) from 4.57x as on March 31, 2023 on account of improved net-worth base. The debt protection metrics of the company as indicated by interest coverage ratio moderated from 11.04x in FY24 to 8.45x in FY25 (Prov.) on account of higher finance overhead. Total debt to EBITDA and Total debt to NCA have also moderated from 1.16x and 1.64 years as on Mar 31, 2024 to 1.98x and 2.70 years as on Mar 31, 2025 (Prov.) on account of increased utilisation of bank borrowings and infusion of unsubordinated unsecured loans by promoters in FY25 (Prov.).

### **Key Rating Weaknesses**



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### **Revenue concentration risk**

The company is exposed to high geographical concentration risk as all of its outstanding order book position are from the state of Gujarat. Any delays due to any disruption in the state may impact project execution and consequent revenue generation.

### **Exposure to project execution risk**

The current order book of the company comprises of civil works. The key clients include Adani Ports and Special Economic Zone Ltd, Howe Engineering Projects (India) Pvt. Ltd, Deendayal Port Authority. Out of this total unexecuted order, orders amounting to Rs. 493.02 crore (~66% of the total unexecuted orders) are in their nascent stage of operation indication project implementation risk.

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

Major raw materials used in civil construction activities are steel & cement and in road construction activities are stone, asphalt/bitumen 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 sub-contracting) cost are volatile in nature, the profitability of the company is subject to fluctuation in raw material prices & labour (including sub-contracting) cost. However, the presence of escalation clause (for raw materials) in all of the contracts protects the margin to an extent.

### **Presence in a highly competitive industry and tender driven nature of the business**

The domestic infrastructure/construction sector is characterized with presence of many players with varied statures & capabilities. Moreover, the company secures its contracts through tender based mechanism.

### **Working capital intensive nature of operation**

The business of the company remained working capital intensive as a large part of its working capital remained blocked in earnest money deposits, retention money, WIP and in receivables. To fund its working capital requirements the company relies on bank borrowings and stretch its creditors. The operating cycle and gross current asset days of the company has deteriorated from 54 days and 145 days respectively in FY24 to 73 days and 265 days respectively in FY25 (Prov.).

### **Analytical Approach: Standalone**

### **Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)



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

[Criteria of assigning rating outlook](#)

[Policy of default recognition](#)

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

### **Liquidity – Adequate**

The liquidity position of the company is expected to remain comfortable marked by its expected adequate gross cash accruals in the range of Rs.20.88-22.31 crore against its debt repayment obligations of Rs.4.50-6.87 crore during FY26-FY28. The company has earned a gross cash accrual of Rs.21.04 crore in FY25 (provisional) against debt repayment obligation of Rs.5.70 crore. Besides, its average bank limit utilization at ~52% in the 12 months ended April 2025 is also indicating an adequate liquidity buffer.

### **About the Company**

Neelkanth Infratech Private Limited (NIPL) was incorporated in May 2020 as private limited company by one Kangad family of Gandhidham, Gujarat. The company is engaged in Engineering, Procurement and Construction (EPC) activities pertaining to bridges, terminals, roads, oil jetties, godowns, as well as providing operation and maintenance (O&M) services. The current promoters of the company are Mr. Tejabhai Kangad and Mr. Khimji Bhai A. Kangad.

### **Financials (Standalone):**

For the year ended* / As On	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	274.52	175.11
Total Income	274.68	175.36
EBITDA	27.29	28.63
PAT	15.25	12.96
Total Debt	31.72	56.74
Adjusted Tangible Net worth	23.26	162.34
EBITDA Margin (%)	9.94	16.35
PAT Margin (%)	5.55	7.39
Overall Gearing Ratio (x)	1.36	0.35
Interest Coverage Ratio (x)	11.04	8.45

*\*Classification as per Infomerics' standards.*

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:**





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Sr. No.	Name of Security / Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating (s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					<b>Aug 06, 2024</b>	-	-
1.	Cash Credit	Long Term	15.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2.	Bank Guarantee	Short Term	20.00	IVR A3	IVR A3	-	-
3.	Proposed Bank Guarantee	Short Term	25.00	IVR A3	IVR A3	-	-

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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.

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### Annexure 1: Security/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	15.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	-	20.00	IVR A3
Proposed Bank Guarantee	-	-	-	-	25.00	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Neelkanth-june25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/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).