



## Press Release

### Kinjal Civilcon LLP

September 02, 2021

Ratings:

(INR Crore)

Instrument / Facility	Amount	Ratings	Rating Action
Long Term Facility – Fund Based – Cash Credit	25.23 (Increased from 25.00)	IVR D	Revised; Removed from ISSUER NOT COOPERATING category
Long Term Facility – Fund Based – Term Loan	40.79 (Reduced from 60.90)	IVR D	Revised; Removed from ISSUER NOT COOPERATING category
Long Term Facility – Non-Fund Based – Bank Guarantee	59.00 (Increased from 43.60)	IVR D	Revised; Removed from ISSUER NOT COOPERATING category
Short Term Facility – Fund Based – Overdraft	2.60	IVR D	Assigned
Proposed Fund based Long Term bank Facility	2.04	IVR D	Assigned
<b>Total</b>	<b>129.66</b>		

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale:**

The revision in ratings takes into account the delays in servicing of debt obligations due to stretched liquidity arising from headwinds caused by ongoing Covid-19 pandemic.

Further, infomerics also takes the note of Strong experience of partners, Healthy order book providing revenue visibility for the medium term, Degrowth in revenues during FY21; expected to improve in FY22 and beyond & Weak debt protection metrics.

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

##### **Upward Factors**

- Continuous timely servicing of debt obligations for at least 90 days.

#### **Key Rating Drivers with detailed description**

##### **Key Rating Strengths:**

##### **Strong experience of proprietor turned partner:**

Kinjal Construction Company started as a proprietorship concern in 1994 by Mr Heeralal Meghraj Doshi, and later in April 2019, the constitution has been changed to LLP. Mr Doshi is



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the senior partner along with Mr. Arvind Munnalal Jain. Mr. Doshi who carries over 22 years of experience in the construction field has steadily grown the business over the years.

### **Healthy order book providing revenue visibility for the medium term:**

The firm has a strong unexecuted order book of INR 975.12 crore as on 31 July 2021 with orders across 12 contracts which is about 11.86 times of its FY21 revenue. Majority of the orders are expected to be completed by FY25, indicating a satisfactory near to medium term revenue visibility.

### **Key Rating Weaknesses:**

#### **Degrowth in revenues during FY21; expected to improve in FY22 and beyond:**

The firm total operating income marginally decline to INR 82.23 Crore in FY21 from INR 83.77 Crore in FY19, however there was a improvement as compared to FY 20 (INR 74.23 Crore). The impact has been mainly due to COVID19 led lockdown as completion period for few projects has been extended and the firm had not participated in bids for any new projects. However, overall performance is expected to improve in FY22 as the firm have a moderate size of orders to execute.

#### **Weak debt protection metrics:**

The capital structure of the firm remained weak with overall gearing and long debt-equity of 4.93x and 7.45x as on 31<sup>st</sup> March 2021. The financial risk profile of the firm is weak marked by modest net worth, debt protection metrics and debt coverage indicators. The adjusted net worth of company stood at INR 12.36 Crore as on 31 March 2021 (FY20: INR 10.66 Crore). Interest coverage ratio stood at 1.36x in FY21 (1.24x).

#### **Analytical Approach:** Standalone

#### **Applicable Criteria:**

Rating Methodology for Infrastructure Companies.

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria on Default Recognition and Post-Default Curing Period

#### **Liquidity – Stretched**

The firm has a stretched liquidity profile with gross cash accrual not sufficient for repayment of debt obligation. The overall utilisation of the fund based working capital limits remains fully utilised with instances of over utilisation during the last 12 months ended 31<sup>st</sup> July 2021. Firm gross working capital cycle elongated to 118 days in FY21 (FY20:102 days; FY19:89 days).



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### About the Company:

Kinjal Civilcon LLP undertakes contracts through tender bidding and also through direct contracts for construction, repair, and maintenance of buildings for state government agencies such as the Public Works Department of Maharashtra. The firm also undertakes road construction and maintenance for the Municipal Corporation of Greater Mumbai and the Thane Corporation. Kinjal Civilcon is now registered as I (A) Class Contractor with the Municipal Corporation of Greater Mumbai (M.C.G.M), Thane Municipal Corporation (T.M.C) and the Public Works Department. The firm has an established track record amongst Government Authorities, being committed to completing the infrastructure projects within the timelines and maintaining quality work as per the contract specifications.

### Financials: Standalone

(INR Crore)

For the year ended/ As On	31-03-2020 (Audited)	31-03-2021 (Provisional)
Total Operating Income	74.23	82.23
EBITDA	13.83	16.91
PAT	2.76	3.00
Total Debt	106.37	92.05
Tangible Net-worth	10.66	12.36
<b>Ratios:</b>		
EBITDA Margin (%)	18.63	20.56
PAT Margin (%)	3.64	3.62
Overall Gearing Ratio (x)	9.98	7.45

**Status of non-cooperation with previous CRA: Nil**

**Any other information: NA**

### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (19/Nov/2020)	Date(s) & Rating(s) assigned in 2019-20 (26/Oct/2019)	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Facility – Fund Based – Cash Credit	Long Term	25.23	IVR D	IVR BB-/ Stable (INC)	IVR BB+/ Stable	--



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2.	Long Term Facility – Fund Based – Term Loan	Long Term	40.79	IVR D	IVR BB-/ Stable (INC)	IVR BB+/ Stable	--
3.	Long Term Facility – Non Fund Based – Bank Guarantee	Long Term	59.00	IVR D	IVR BB-/ Stable (INC)	IVR BB+/ Stable	--
4.	Short Term Facility – Fund Based – Overdraft	Short Term	2.60	IVR D	--	--	--
5.	Proposed Fund based Long Term bank Facility	Long Term	2.04	IVR D	--	--	--

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Facility – Fund Based – Cash Credit	--	--	--	25.23	IVR D
Long Term Facility – Fund Based – Term Loan	--	--	Mar 2025	40.79	IVR D
Long Term Facility – Non-Fund Based – Bank Guarantee	--	--	--	59.00	IVR D
Short Term Facility – Non-Fund Based – Overdraft	--	--	--	2.60	IVR D
Proposed Fund based Long Term bank Facility	--	--	--	2.04	IVR D

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/kinjal-civilcon-sep21.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Annexure 5: Complexity level of the rated Instruments/Facilities**

Sr. No.	Instrument	Complexity Indicator
1	Long Term Facility – Fund Based – Cash Credit	Simple
2	Long Term Facility – Fund Based – Term Loan	Simple
3	Long Term Facility – Non-Fund Based – Bank Guarantee	Simple
4	Short Term Facility – Fund Based – Overdraft	Simple

**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).