

Press Release

K K BUILDERS PRIVATE LIMITED

August 21, 2024

Rating Reaffirmed and Withdrawn



| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term R |
|------------------------------------|---------------------|-----------------------------------|------------------------------------|
| Bank Loan Ratings | 10.45 | ACUITE C Reaffirmed & Withdrawn | - |
| Bank Loan Ratings | 9.07 | ACUITE D Reaffirmed & Withdrawn | - |
| Bank Loan Ratings | 5.12 | Not Applicable Withdrawn | - |
| Bank Loan Ratings | 35.00 | - | ACUITE A4 Reaffirmed & Withdrawn |
| Bank Loan Ratings | 4.00 | - | ACUITE D Reaffirmed & Withdrawn |
| Bank Loan Ratings | 0.86 | - | Not Applicable Withdrawn |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 64.50 | - | - |

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of 'ACUITE C' (read as ACUITE C) on the Rs. 10.45 Cr. bank facilities of K K Builders Private Limited.

Acuite has reaffirmed and withdrawn the long-term rating of 'ACUITE D' (read as ACUITE D) on the Rs. 9.07 Cr. bank facilities of K K Builders Private Limited.

Acuite has reaffirmed and withdrawn the short-term rating of 'ACUITE A4' (read as ACUITE A four) on the Rs. 35 Cr. bank facilities of K K Builders Private Limited.

Acuite has reaffirmed and withdrawn the short-term rating of 'ACUITE D' (read as ACUITE D) on the Rs. 4 Cr. bank facilities of K K Builders Private Limited.

Further, Acuite has withdrawn the short-term rating on the Rs. 0.86 Cr. bank facilities of K K Builders Private Limited without assigning any rating as it is a proposed facility.

The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and NOC (No Objection Certificate) received from the banker.

Further, Acuite has withdrawn the Long-term rating on the Rs. 5.12 Cr. bank facilities of K K Builders Private Limited without assigning any rating as the instrument is fully repaid. The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and NDC(No Dues Certificate) received from the banker.

Rationale for rating reaffirmation:

The rating reaffirmation is on account of delays in servicing of debt obligations by the company.

About the Company

Bihar based K K Builders Private Limited was incorporated in 1990 by Mr. Vikash Singh and his family members. The company is primarily engaged in civil construction work for building roads, bridges, and irrigation segments, mainly in Jharkhand and Bihar. The entity majorly works for the Central Govt. entities such as National Projects Construction Corporation Limited, Central Public Works Department, etc. The company is a Class-1 contractor for government departments. The Directors of the company are Mr. Vikash Singh, Mrs. Urmila Singh, Mrs. Nisha Singh, Mrs. Rekha Singh, Mrs. Anita Singh, Mrs. Ankita Singh, Mrs. Usha Singh, Mrs. Shweta Singh, Mrs. Rashmi Sing and Mr. Kumud Ranjan Pathak.

Unsupported Rating

Not applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of K K Builders Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of promoters in the industry

Bihar based K K Builders Private Limited was incorporated in 1990 by Mr. Vikas Singh and his family members. The promoters have an industry experience of more than thirty years. The entity majorly works for the Central Govt. entities such as National Projects Construction Corporation Limited, Central Public Works Department, etc. The company is a Class-1 contractor for government departments. Acuité believes that K K Builders Private Limited will continue to benefit from the extensive experience of its promoters.

Weaknesses

Instances of delays in recent past

There have been instances of delays in servicing of debt obligations by K K Builders Private Limited in recent past as confirmed by its bankers and credit bureau information reports.

Rating Sensitivities

Not Applicable

Liquidity Position

Poor

Due to delays in service of debt obligations by the company, the liquidity is marked poor.

Outlook: Not Applicable

Other Factors affecting Rating

None.

Key Financials

| Particulars | Unit | FY 24 (Provisional) | FY 23 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 62.21 | 68.84 |
| PAT | Rs. Cr. | 1.73 | 1.78 |
| PAT Margin | (%) | 2.78 | 2.58 |
| Total Debt/Tangible Net Worth | Times | 0.16 | 0.22 |
| PBDIT/Interest | Times | 3.90 | 3.82 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|-----------------------------------|------------|-----------------|--|
| 04 Jun 2024 | Bank Guarantee (BLR) | Short Term | 25.00 | ACUITE A4 (Downgraded from ACUITE A4+) |
| | Bank Guarantee (BLR) | Short Term | 10.00 | ACUITE A4 (Downgraded from ACUITE A4+) |
| | Inventory Funding | Short Term | 4.00 | ACUITE D (Downgraded from ACUITE A4+) |
| | Proposed Short Term Bank Facility | Short Term | 0.86 | ACUITE A4 (Downgraded from ACUITE A4+) |
| | Cash Credit | Long Term | 6.00 | ACUITE C (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 9.07 | ACUITE D (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 2.00 | ACUITE C (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 0.43 | ACUITE C (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 0.52 | ACUITE C (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 5.12 | ACUITE C (Downgraded from ACUITE BB+) |
| | Term Loan | Long Term | 1.50 | ACUITE C (Downgraded from ACUITE BB+) |
| 07 Sep 2023 | Cash Credit | Long Term | 6.00 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Term Loan | Long Term | 9.07 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Term Loan | Long Term | 2.00 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Term Loan | Long Term | 0.43 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Term Loan | Long Term | 0.52 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Term Loan | Long Term | 5.12 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Inventory Funding | Short Term | 4.00 | ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3) |
| | Term Loan | Long Term | 1.50 | ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Negative) |
| | Bank Guarantee (BLR) | Short Term | 25.00 | ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3) |
| | Bank Guarantee (BLR) | Short Term | 10.00 | ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3) |
| | Proposed Short Term Bank Facility | Short Term | 0.86 | ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3) |
| | Cash Credit | Long Term | 6.00 | ACUITE BBB- Negative (Reaffirmed) |
| | Term Loan | Long Term | 9.07 | ACUITE BBB- Negative (Reaffirmed) |
| | Term Loan | Long Term | 2.00 | ACUITE BBB- Negative (Reaffirmed) |
| | Term Loan | Long Term | 0.43 | ACUITE BBB- Negative (Reaffirmed) |
| | | Long | | |

| | | | | |
|-------------|-----------------------------------|------------|-------|-----------------------------------|
| 14 Jun 2022 | Term Loan | Term | 0.52 | ACUITE BBB- Negative (Assigned) |
| | Term Loan | Long Term | 5.12 | ACUITE BBB- Negative (Assigned) |
| | Term Loan | Long Term | 1.50 | ACUITE BBB- Negative (Assigned) |
| | Bank Guarantee (BLR) | Short Term | 25.00 | ACUITE A3 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 10.00 | ACUITE A3 (Assigned) |
| | Inventory Funding | Short Term | 4.00 | ACUITE A3 (Assigned) |
| | Proposed Short Term Bank Facility | Short Term | 0.86 | ACUITE A3 (Assigned) |
| 20 Apr 2021 | Cash Credit | Long Term | 6.00 | ACUITE BBB- Stable (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 25.00 | ACUITE A3 (Reaffirmed) |
| | Proposed Short Term Bank Facility | Short Term | 11.50 | ACUITE A3 (Reaffirmed) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|--|----------------------|-----------------------------------|----------------------|----------------------|----------------------|------------------|-------------------|------------------------------------|
| State Bank of India | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 25.00 | ACUITE A4 Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 10.00 | ACUITE A4 Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 6.00 | ACUITE C Reaffirmed & Withdrawn |
| OXYZO Financial Services Private Limited | Not avl. / Not appl. | Inventory Funding | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 4.00 | ACUITE D Reaffirmed & Withdrawn |
| Not Applicable | Not avl. / Not appl. | Proposed Short Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 0.86 | Not Applicable Withdrawn |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Jun 2024 | Simple | 1.50 | ACUITE C Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 16 Jan 2029 | Simple | 0.52 | ACUITE C Reaffirmed & Withdrawn |
| Axis Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 01 Dec 2023 | Simple | 5.12 | Not Applicable Withdrawn |
| Hinduja Leyland Finance Ltd. | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 07 Oct 2024 | Simple | 9.07 | ACUITE D Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 25 Mar 2026 | Simple | 2.00 | ACUITE C Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 01 Jan 2027 | Simple | 0.43 | ACUITE C Reaffirmed & Withdrawn |

Contacts

| Analytical | Rating Desk |
|--|---|
| Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Dhruvi Chauhan Associate Analyst-Rating Operations Tel: 022-49294065 dhruvi.chauhan@acuite.in | Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in |

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.