

Press Release
Komal Buildcon Private Limited
 June 25, 2018
Rating Assigned



Total Bank Facilities Rated*	Rs.10.00 Cr.
Long Term Rating	ACUITE BB-/Outlook: Stable (Assigned)
Short Term Rating	ACUITE A4+ (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned a long term rating of '**ACUITE BB-**' (**read as ACUITE Double B Minus**) and the short term rating of '**ACUITE A4+**' (**read as A Four Plus**) to the Rs.10.00 crore bank facilities of Komal Buildcon Private Limited. The outlook is '**Stable**'.

Komal Buildcon Private Limited (KBPL) was established as a partnership firm in the year 1984 by Mr. Komal Bakshi, Mr. Naveen Bakshi and Ms. Sandhya Bakshi. In the year 2007, the firm has changed its constitution to private limited company. The entity since inception is engaged in civil construction for Military Engineering Services (MES) such as building construction, road and others. The company is a 'SS' (Super Special) class contractor. The company deals with Government of India (Ministry of Defense), which provides orders on 100 percent tender basis.

Key Rating Drivers

Strengths

• Long track record of operations and experienced management

The promoters Mr. Komal Bakshi, Mr. Naveen Bakshi and Ms. Sandhya Bakshi have more than three decades of experience in the said line of business. Moreover, the company is into operations from 1984. Hence long track record of operations and experienced management has helped the company in developing good relations with its customers and suppliers.

Weaknesses

• Average financial risk profile

The company is having moderate financial risk profile marked by low net worth, moderate gearing and debt protection measures. The net worth of the company stood low at Rs.6.22 crore as on 31st March 2018 (Prov) as against Rs.5.50 crore in the previous year. The reason for increase in the net worth is due to retention of profits. The gearing of the company stood moderate at 1.05 times as on 31st March 2018 (Prov) as against 1.12 times in the previous year. The total debt of Rs.6.51 crores consists of short term borrowings of Rs.6.00 crores, long term debt obligations of Rs.0.24 crores and unsecured loans from promoters of Rs.0.27 crores. The interest coverage ratio stood at a comfortable level of 2.68 times (Prov) in FY2018 as against 3.51times in the previous year. NCA/TD ratio stood at 0.18 times in FY2018 (Prov).

• Modest scale of operations

Despite long presence in the industry, the scale of operations continues to remain modest. Further, the company has booked revenue of Rs.26.93 crores in FY2018 (Prov) as against Rs.13.59 crores in the previous year. The revenue has declined in FY16-17 due to delays in project received from government.

• Working capital intensive nature of operations

The operations of the company are working capital intensive marked by gross current days (GCA) of 127 days as on 31st March 2018 (Prov) as against 201 days in the previous year. The reason for the same is due to decrease in the inventory days to 78 days as on 31st March 2018 as against 111 days in the previous days. The collection period remains 28 days for FY 2018 (provisional). The company generally

gets payments from government within 30 days.

• Tender based nature of operations

KBPL's, business risk profile is also constrained on the back of tender driven nature of the business.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the KBPL to arrive at this rating.

Outlook: Stable

ACUITE believes KBPL outlook continues to remain stable over the medium term backed by its long track record of operations. The outlook will be revised to "Positive", if there is sustainable improvement in operating income and profitability profile. Conversely the outlook may be revised to "Negative", in case of further decline in operating income or lengthening of working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	26.93	13.59	22.33
EBITDA	Rs. Cr.	2.25	1.70	1.97
PAT	Rs. Cr.	0.75	0.30	0.56
EBITDA Margin	(%)	8.34	12.51	8.82
PAT Margin	(%)	2.78	2.18	2.52
ROCE	(%)	16.51	11.09	16.14
Total Debt/Tangible Net Worth	Times	1.05	1.12	1.21
PBDIT/Interest	Times	2.68	2.04	2.18
Total Debt/PBDIT	Times	2.68	3.51	2.95
Gross Current Assets (Days)	Days	127	201	130

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BB- / Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4+

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About Acuité Ratings & Research:

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