

## Kiri and Company Logistics Private Limited

April 08, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	12.69	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Short Term Bank Facilities	1.90	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>14.59</b> <b>(Rs. Fourteen Crore and Fifty-Nine Lakhs Only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 16, 2020, placed the rating(s) of Kiri and Company Logistics Private Limited (KCLPL) under the 'issuer non-cooperating' category as KCLPL had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. KCLPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated March 20, 2021, March 23, 2021, March 30, 2021 and March 31, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The revision in the rating takes into accounts of non-availability of requisite information. The ratings continue to remain constrained on account of its modest scale of operations, presence in highly fragmented and competitive industry, moderate solvency position and stretched liquidity position.

The ratings, however, favorably take into account experienced management with established clientele base and moderate profitability margins.

### Detailed description of the key rating drivers

*At the time of last rating on January 16, 2020 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):*

#### Key Rating Weaknesses

##### **Modest scale of operations**

Total Operating Income (TOI) of the company has remained stagnant in last three years ended FY20 from Rs.64.68 crore in FY19 to Rs.68.71 crore in FY20.

##### **Moderate solvency position**

The capital structure of the company stood moderate with an overall gearing of 0.99 times as on March 31, 2020, improved from 1.27 times as on March 31, 2019. Further, debt coverage indicators of the company also stood moderate marked by total debt to GCA of 2.52 times as on March 31, 2020, improved from 3.43 times as on March 31, 2019. Interest coverage ratio stood moderate at 4.56 times in FY20 improved from 4.10 times in FY19.

##### **Stretched liquidity position**

The operations of the company are working capital intensive with elongated operating cycle of 80 days in FY20 (88 days in FY17) owing to higher receivables period of 147 days. Current ratio stood at 1.00 times as on March 31, 2020 and quick ratio stood below unity at 0.92 times as on March 31, 2020.

### **Presence in a highly fragmented and competitive industry**

The business of the company is construction of bunk houses and providing the same to oil and gas field sector. In the industry, there are many organized and unorganized players are present in the industry and hence, exposed to competition from these players.

### **Key Rating Strengths**

#### **Experienced management with established clientele base**

Mr Lalit Kumar Kiri, managing director of the company, has extensive experience of more than 15 years in the industry and is further supported by experienced second tier management. Owing to long track record of operations, extensive experience of promoters along with the knowledge of market dynamics, the company has been able to create established relation with reputed clientele such as Vedanta Limited, Schlumberger, ONGC, Halliburton, Larsen and Toubro Limited etc.

#### **Moderate profitability margins**

The profitability margins of the company stood moderate marked with PBILDT and PAT margin of 21.03% and 4.87% respectively in FY20 as against 18.25% and 4.31% in FY19 respectively.

**Analytical approach:** Standalone

### **Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology – Manufacturing](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis for Non-Financial Sector Entities](#)

### **About the Company**

Kiri and Company Logistics Private Limited (KCLPL) was initially formed by Mr. Lalit Kumar Kiri in 2002 as a proprietorship company. Further, in 2011, Mr Lalit Kumar Kiri, Mr Pawan Kumar Kahtri and Mr Ram Chand Khatri reconstituted the firm as a company. The company provides various services to Oil and gas exploration as well as refining sector and their services includes construction and supply of Portable Bunkhouse, Construction Equipment Rental Services, Transportation Vehicle Rental Services, Civil Construction Services, Catering Services, Bunk Labour Accommodation and Manpower Services. The company is also engaged in trading of Fast Moving Consumer Goods and agriculture commodities. Further the company is certified company by ISO 9001, ISO 14001 and OHSAS 18001.

The major clients of KCLPL include Vedanta Limited, Schlumberger, ONGC, Halliburton, Larsen and Toubro Limited.

<b>Brief Financials (Rs. crore)</b>	<b>FY19 (A)</b>	<b>FY20 (A)</b>
Total operating income	68.29	68.71
PBILDT	12.46	14.45
PAT	2.94	3.34
Overall gearing (times)	1.27	0.99
Interest coverage (times)	4.10	4.56

\*(A; Audited)

**Status of non-cooperation with previous CRA:** CRISIL has conducted the review on the basis of best available information and has classified Kiri and Company Logistics Private Limited as "Not cooperating" vide its press release dated March 18, 2021.

**Any other information:** None

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2023	2.69	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	10.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	1.90	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	2.69	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (16-Jan-20)	1)CARE BB-; Stable (03-Jan-19)
2.	Fund-based - LT-Bank Overdraft	LT	10.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (16-Jan-20)	1)CARE BB-; Stable (03-Jan-19)
3.	Non-fund-based - ST-Bank Guarantees	ST	1.90	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (16-Jan-20)	1)CARE A4 (03-Jan-19)

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities-N/A****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## Contact us

### Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)

### Analyst Contact

Group Head Name - Mr. Abhishek Jain

Group Head Contact no.- 0141-4020213/14

Group Head Email ID- [abhishek.jain@careratings.com](mailto:abhishek.jain@careratings.com)

### Business Development Contact

Name: Mr. Nikhil Soni

Contact no. : +91-141-402 0213 / 14

Email ID : [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

### About CARE Ratings:

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