

March 15, 2023

## Kalthia Engineering and Construction Limited: Moved to Non-Cooperating category, ratings downgraded based on best available information

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based Cash Credit	30.0	30.0	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A- (Stable) and moved to the 'Issuer Not Cooperating' category
Short Term - Non Fund Based Bank Guarantee	300.0	300.0	[ICRA]A4+ ISSUER NOT COOPERATING; Rating downgraded from [ICRA]A2+ and moved to the 'Issuer Not Cooperating' category
Short Term - Unallocated	15.0	15.0	[ICRA]A4+ ISSUER NOT COOPERATING; Rating downgraded from [ICRA]A2+ and moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>345.0</b>	<b>345.0</b>	

\*Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

ICRA has downgraded the ratings of **Kalthia Engineering and Construction Limited** and moved the rating to 'Issuer Not Cooperating' category. The rating is now denoted as "[ICRA]BB+(Stable) ISSUER NOT COOPERATING/[ICRA]A4+ ISSUER NOT COOPERATING".

As part of its process and in accordance with its rating agreement with **Kalthia Engineering and Construction Limited**, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category. The rating is based on the best available information.

The rating downgrade is because of lack of adequate information regarding Kalthia Engineering and Construction Limited's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, key financial indicators, liquidity position and rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy in respect of non-co-operation by the rated entity</a> <a href="#">Rating Methodology for Construction Entities</a> <a href="#">Rating Approach - Consolidation</a>
Parent/Group support	Not Applicable

**Consolidation/Standalone**

For arriving at the ratings, ICRA has consolidated six entities where KECL has extended corporate guarantees for the entire tenure of the debt. For other entities, ICRA has used the limited consolidation approach, under which the proposed equity investments for under construction projects have been considered. The list of companies considered for limited/full consolidation are given in Annexure 2 below

## About the company

Established in 1960 as a partnership firm in Bhavnagar, Gujarat, KECL was converted into a limited company in 1996. It is promoted by Mr. Ratilal Kalthia. The company is primarily involved in civil construction (mainly roads, pipe laying, building bridges, etc). KECL is recognised as an AA-class (highest in the scale of AA to E) contractor by the Public Works Department (PWD) of the Government of Gujarat. The company's registered office is in Ahmedabad (Gujarat). Its major clients include the NHAI, R&B Division (Jamnagar), R&B Division (Rajkot), Gujarat Urban Development Corporation and Executive Engineer (GIDC Bharuch), among others.

## Status of non-cooperation with previous CRA: Not Applicable

## Any other information: None

## Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding (Rs. Crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
				Mar 15, 2023	Dec 31, 2021	Sep 25, 2020	Nov 13, 2019
1 Fund based Cash Credit	Long Term	30.0	-	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2 Non-fund based Bank Guarantee	Short Term	300.0	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
3 Unallocated	Short Term	15.0	-	[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]A2+	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term Fund Based - Cash Credit	Simple
Short Term Non Fund Based – Bank Guarantee	Very Simple
Short Term – Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook	
NA	Cash Credit	NA	NA	NA	30.0	[ICRA]BB+ (Stable)	ISSUER NOT COOPERATING
NA	Bank Guarantees	NA	NA	NA	300.0	[ICRA]A4+ COOPERATING	ISSUER NOT COOPERATING
NA	Unallocated	NA	NA	NA	15.0	[ICRA]A4+ COOPERATING	ISSUER NOT COOPERATING

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Kalthia Infracon Pvt Ltd	100.00%	Full Consolidation
Kalthia Infra Pvt Ltd	100.00%	Full Consolidation
Kalthia Ashti Pachod Pvt Ltd	100.00%	Full Consolidation
Kalthia BagodaraTarapur Highway Pvt Ltd	100.00%	Full Consolidation
Kosol Energie Pvt Ltd	78.17%	Full Consolidation
Kalthia Priyheer Infrastructure Pvt Ltd	26.89%	Full Consolidation
Kalthia Dhule Chalisgaon Highway Pvt. Ltd	100.00%	Limited Consolidation
Kalthia Bhavnagar Pipli Highway Pvt. Ltd.	100.00%	Limited Consolidation
Kalthia Infra Projects Private Limited	100.00%	Limited Consolidation

## ANALYST CONTACTS

**Rajeshwar Burla**

+91 40 4547 4829

[rajeshwar.burla@icraindia.com](mailto:rajeshwar.burla@icraindia.com)

**Ashish Modani**

+91 22 6114 3414

[ashish.modani@icraindia.com](mailto:ashish.modani@icraindia.com)

**Ritu Goswami**

+91 12 4454 5826

[ritu.goswami@icraindia.com](mailto:ritu.goswami@icraindia.com)

**Anurag Bhootra**

+91 12 4454 5852

[anurag.bhootra@icraindia.com](mailto:anurag.bhootra@icraindia.com)

## RELATIONSHIP CONTACT

**Jayanta Chatterjee**

+91 80 4332 6401

[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.