

October 13, 2023

Iron Triangle Limited: Rating downgraded based on best available information; Continues to remain under issuer Non-Cooperating category

Summary of rating action

| Instrument [^] | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|----------------------------------|-----------------------------------|----------------------------------|--|
| Short Term-Non Fund Based-Others | 530.00 | 530.00 | [ICRA]A4+; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A1 and continues to remain under Issuer Not Cooperating category. |
| Long Term-Fund Based-Term Loan | 54.79 | 54.79 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A(Stable) and continues to remain under Issuer Not Cooperating category. |
| Long Term-Fund Based-Cash Credit | 112.00 | 112.00 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A(Stable) and continues to remain under Issuer Not Cooperating category. |
| Short Term-Unallocated | 106.40 | 106.40 | [ICRA]A4+; ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A1 and continues to remain under Issuer Not Cooperating category. |
| Total | 803.19 | 803.19 | |

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

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is because of lack of adequate information regarding Iron Triangle 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. 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.

As part of its process and in accordance with its rating agreement with Iron Triangle Limited, ICRA has been trying to seek information from the entity to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of the 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.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, 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 | Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Rating methodology – Construction Rating Methodology – Roads - Annuity |
| Parent/Group Support | NA |
| Consolidation/Standalone | The rating is based on the standalone financial profile of the company. |

About the company

Iron Triangle Limited (ITL) was established as Backbone Enterprise Limited (BEL) in 1991 as a partnership firm named Backbone Enterprise by Mr. Kishore Viramgama, Mr. Bhupendrakumar Panchani, and Mr. Bhovan Rangani in Rajkot (Gujarat). It was reconstituted as a public limited company in July 2002. Backbone Enterprise Limited was renamed as Iron Triangle Limited in January 2017. Iron Triangle Limited is primarily engaged as an EPC contractor with presence in roads, railways, building, sewerage treatment, dams and water distribution. Its major clients include National Highways Authority of India (NHAI), MORTH, Rail Vikas Nigam Limited, Ircon International Limited, Gandhinagar Smart City Development Limited etc. The company has its registered office at Rajkot (Gujarat) with its corporate office at Ahmedabad.

Key financial indicators

| | FY2021 (in crore) | FY2022 (in crore) |
|--|-------------------|-------------------|
| Operating income | 842.9 | 711.8 |
| PAT | 43.1 | 36.7 |
| OPBDIT/OI | 9.5% | 8.8% |
| PAT/OI | 5.1% | 5.2% |
| Total outside liabilities/Tangible net worth (times) | 0.6 | 0.7 |
| Total debt/OPBDIT (times) | 1.6 | 2.4 |
| Interest coverage (times) | 4.9 | 4.2 |

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

| | Instrument | Type | Current Rating (FY2024) | | | | Chronology of Rating History for the past 3 years | | |
|----------|------------------------|------------|--------------------------|--------------------------------|--|---|---|--------------------------|--------------------------|
| | | | Amount Rated (Rs. Crore) | Amount Outstanding (Rs. Crore) | Date & Rating in | | Date & Rating in FY 2023 | Date & Rating in FY 2022 | Date & Rating in FY 2021 |
| | | | | | October 13, 2023 | April 28, 2023 | | | |
| 1 | Non Fund Based-Others | Short Term | 530.00 | - | [ICRA]A4+; ISSUER NOT COOPERATING | [ICRA]A1; ISSUER NOT COOPERATING | - | January 25,2022 | October 23, 2020 |
| 2 | Fund Based-Term Loan | Long Term | 54.79 | 54.79 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING | [ICRA]A(Stable); ISSUER NOT COOPERATING | - | [ICRA]A(Stable) | [ICRA]A(Stable) |
| 3 | Fund Based-Cash Credit | Long Term | 112.00 | - | [ICRA]BB+(Stable); ISSUER NOT COOPERATING | [ICRA]A(Stable); ISSUER NOT COOPERATING | - | [ICRA]A(Stable) | [ICRA]A(Stable) |
| 4 | Unallocated Limits | Short Term | 106.40 | - | [ICRA]A4+; ISSUER NOT COOPERATING | [ICRA]A1; ISSUER NOT COOPERATING | - | [ICRA]A1 | - |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|----------------------------------|----------------------|
| Short Term-Non Fund Based-Others | Very Simple |
| Long Term-Fund Based-Term Loan | Simple |
| Long Term-Fund Based-Cash Credit | Simple |
| Short Term-Unallocated | Not Applicable |

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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

| ISIN No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------|-------------------------|-----------------------------|-------------|----------------|-------------------------|--|
| NA | Non Fund Based- Others | NA | NA | NA | 530.00 | [ICRA]A4+; ISSUER NOT COOPERATING |
| NA | Fund Based- Term Loan 1 | March -2016 | - | April 2029 | 10.49 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING |
| NA | Fund Based- Term Loan 2 | March -2019 | - | September 2024 | 16.28 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING |
| NA | Fund Based- Term Loan 3 | September-2014 | - | June 2029 | 28.02 | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING |
| NA | Fund Based-Cash Credit | NA | NA | NA | 112.00 | [ICRA]BB+(Stable);ISSUER NOT COOPERATING |
| NA | Short Term- Unallocated | NA | NA | NA | 106.40 | [ICRA]A4+; ISSUER NOT COOPERATING |

Source: Iron Triangle Limited

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

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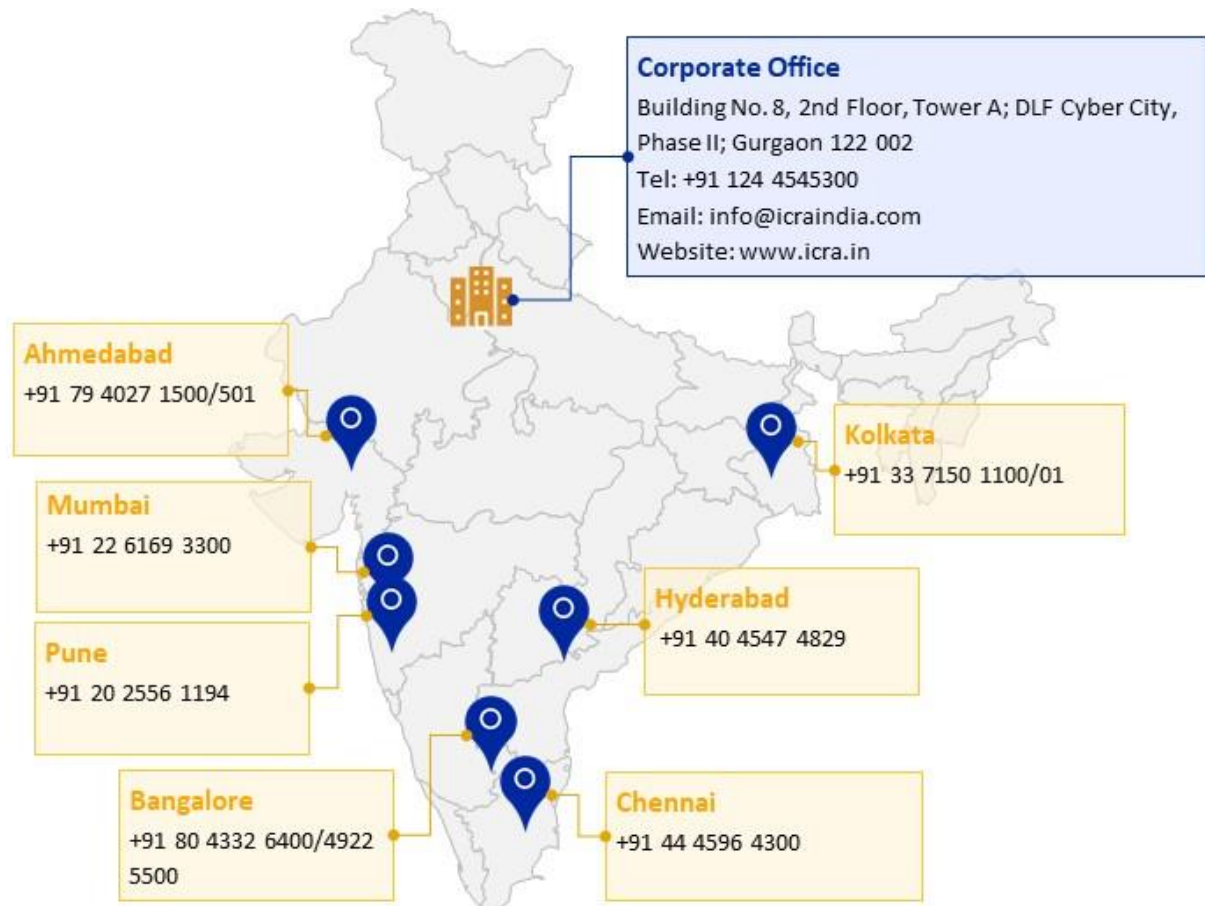
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