

Zillion Infraprojects Private Limited (Formerly known as Durha Constructions Private Limited)

March 08, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based facilities	80.0	80.0	[ICRA]D; Retained
Non-fund based facilities	250.0	250.0	[ICRA]D; Retained
Total	330.0	330.0	

*Instrument details are provided in Annexure-1

Rationale

ICRA has noted that insolvency proceedings have been initiated against Zillion Infraprojects Private Limited (ZIPL) on February 5, 2019 by the Principal Bench of the National Company Law Tribunal (NCLT). L&T Finance, a financial creditor, had petitioned for the Corporate Insolvency Process for ZIPL. The NCLT has admitted the insolvency proceedings and the estimated date of closure of the insolvency resolution process is August 3, 2019 (180 days from the date of the commencement of the resolution process). The rating continues to be constrained by delays in debt servicing and the ongoing insolvency proceedings against the company.

Outlook: Not Applicable

Key rating drivers

Credit strengths: Not Applicable

Credit challenges

Irregularities in debt servicing - The company has been irregular in debt servicing as confirmed to ICRA by the lender.

Insolvency proceedings admitted against ZIPL- The company is likely to face additional challenges owing to the onerous legal and procedural restrictions placed on it under the corporate insolvency proceedings.

Liquidity Position:

ZIPL's liquidity position is stressed as reflected by the irregularities in debt servicing.

Analytical approach:

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Construction Entities
Parent/Group Support	Not Applicable
Consolidation / Standalone	Standalone

About the company:

ZIPL, formerly known as Durha Constructions Private Limited, has been involved in infrastructure business since 1977. The company was incorporated in 1975 by Mr. C S Saxena. Mr. Saxena is an M.Sc. and has done an Advance Course in Non-destructive Testing. He started his career in Bhabha Atomic Research Centre. He was later joined by his younger brother, Mr. Anant Saxena, who is a bachelor in technology from IT BHU. Over the years, the company has grown from a labour contractor and provider of non-destructive technology (NDT) services to engineering, procurement and commissioning (EPC) contractor. The main activities of the company are site fabrication, installation of steel structures, equipment and piping, all types of civil work, pipelines, and electrical installations. In December 2010, Sintex Industries Limited (SIL), through its Group company Sintex Infra Projects Ltd. (SIPL), acquired a 30% stake in the company.

Key financial indicators (audited)

	FY2016	FY2017
Operating Income (Rs. crore)	268.1	269.6
PAT (Rs. crore)	5.2	2.4
OPBDIT/OI (%)	10.0%	8.4%
RoCE (%)	10.6%	8.6%
Total Debt/TNW (times)	0.78	0.82
Total Debt/OPBDIT (times)	3.2	4.1
Interest coverage (times)	2.03	1.65

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Current Rating (FY2019)					Chronology of Rating History for the Past 3 Years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating March 2019	Date & Rating in FY2018 October 2017	Date & Rating in FY2017 November 2016	Date & Rating in FY2016 December 2015
1 Fund-based facilities	Long Term	80.0	-	[ICRA]D	[ICRA]D	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)
2 Non-fund based facilities	Long Term	250.0	-	[ICRA]D	[ICRA]D	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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	Fund-based facilities	NA	NA	-	80.0	[ICRA]D
NA	Non-fund based facilities	NA	NA	-	250.0	[ICRA]D

Source: ZIPL

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

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