

Narsingh Thakur

May 10, 2021

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Ratings | Rating Action |
|------------------------------|--|---|--|
| Long Term Bank Facilities | 3.60 | CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 3.00 | CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 6.60 (Rs. Six Crore and Sixty Lakhs Only) | | |

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 06, 2020 placed the ratings of Narsingh Thakur (NT) under the 'issuer non-cooperating' category as NT had failed to provide information for monitoring of the ratings as agreed to in its Rating Agreement. NT continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated March 22, 2021, April 02, 2021 and April 11, 2021. In line with the extant SEBI guidelines, CARE has reviewed the ratings 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 ratings.

The ratings assigned to the bank facilities of NT are constrained on account of its modest scale of operations with financial risk profile marked by leveraged capital structure and constitution as a proprietorship concern. The ratings, further, continue to remain constrained on account of high competitive intensity in the government civil construction segment. The ratings, however, continue to derive strength from the long track record of operations with experienced management.

Detailed description of the key rating drivers

At the time of last rating on May 06, 2020 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Modest scale of operations

The scale of operations stood modest with TOI of Rs.6.65 crore and PAT of Rs.0.19 crore in FY17 and net-worth of Rs.3.39 crore as on March 31, 2017. TOI of NT has shown a declining trend over the past three financial years ended FY17 mainly due to lower orders received from client. In FY17, TOI of the firm has declined by 8.83% over FY16 and 13.66% over FY15. As on December 06, 2017, NT has an outstanding order book position of Rs.25.42 crore forming 3.82 times of FY17's Total Operating Income (TOI) with nine projects in hand reflecting strong order book position. The on-going projects of the firm are likely to be executed over a period of 12-15 months, providing medium term revenue visibility. The profitability margins of the firm stood moderate with PBILDT and PAT margin stood at 15.50% and 2.86% respectively. During FY17, PBILDT margin has improved by 298 bps during FY17 over FY16 mainly due to decline in power and fuel and construction cost. Till November 30, 2017, the firm has achieved turnover of Rs.4.00 crore.

Leveraged capital structure

The capital structure of the firm stood leveraged with an overall gearing of 2.80 times as on March 31, 2017, deteriorated from 2.45 times as on March 31, 2016 mainly on account of increase in debt as due to infusion of unsecured loan well as withdrawal of capital. The debt coverage indicators stood weak with total debt to GCA at 23.88 times as on March 31, 2017, deteriorated from 14.10 times as on March 31, 2016 mainly on account of increase in total debt as well as decline in GCA level. The interest coverage ratio stood at 1.63 times during FY17.

Constitution as a proprietorship concern

Its constitution as a proprietorship concern with moderate net worth base restricts its overall financial flexibility in terms of limited access to external fund for any future expansion plans. Furthermore, there is an inherent risk of possibility of withdrawal of capital and dissolution of the firm in case of death/insolvency of proprietor.

High competitive intensity in the government civil construction segment

The construction industry is highly fragmented in nature with presence of large number of unorganized players and a few large organized players coupled with the tender driven nature of construction contracts poses huge competition and puts pressure on the profitability margins of the players. Further, as the firm participates in tenders invited by large lead contractor, high competition and lower bargaining power restricts its profitability margins.

Key rating strengths

Long track record of operations with experienced management

The firm was formed in 1975, hence, has a track record of more than four decades in the civil construction industry. Mr. Rajendra Singh Thakur, proprietor, have experience of more than three decades in the industry and looks after overall affairs of the firm. Further, he is assisted by Mr. Manoj Singh Thakur and Mr. Harish Singh Thakur, have experience of more than two decade in the industry and looks after construction site of the firm. Further, the firm has experienced technical team for executing contracts on time. Due to longstanding presence in the industry, the firm has established relations with government departments and same is reflecting through repeated orders from them.

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](#)

[Rating Methodology - Construction](#)

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

[Criteria for Short Term Instruments](#)

About the Firm

Jabalpur -based (Madhya Pradesh), NT was formed in 1975 by Mr. Rajendra Singh Thakur as a proprietorship concern. NT is mainly engaged in the business of construction & repair of roads, commissioning of water supply lines, construction of sewage lines and sewage treatment plants. NT is registered 'A' class (in the scale of AA to E) approved contractor with Public Works Department (PWD), Madhya Pradesh. Further, the firm gives contracts on sub-contract basis to private players.

| Brief Financials (Rs. crore) | FY16 (A) | FY17 (A) |
|-------------------------------------|-----------------|-----------------|
| Total operating income | 7.29 | 6.65 |
| PBILDT | 0.91 | 1.03 |
| PAT | 0.38 | 0.19 |
| Overall gearing (times) | 2.45 | 2.80 |
| Interest coverage (times) | 3.14 | 1.63 |

A: Audited

Status of non-cooperation with previous CRA: Brickworks has put ratings assigned to the bank facilities of NT in to 'Non Cooperation' vide press release dated June 17, 2020 on account of non-cooperation by NT with Brickwork's efforts to undertake a review of the ratings outstanding.

Any other information: Not Applicable

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

Complexity level of various instruments rated for this Firm: Please refer Annexure-3

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-Bank Overdraft | - | - | - | 3.60 | CARE B-; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Bank Guarantees | - | - | - | 3.00 | 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-Bank Overdraft | LT | 3.60 | CARE B-; Stable; ISSUER NOT COOPERATING* | - | 1)CARE B-; Stable; ISSUER NOT COOPERATING* (06-May-20) | - | 1)CARE B; Stable; ISSUER NOT COOPERATING* (06-Mar-19) |
| 2. | Non-fund-based - ST-Bank Guarantees | ST | 3.00 | CARE A4; ISSUER NOT COOPERATING* | - | 1)CARE A4; ISSUER NOT COOPERATING* (06-May-20) | - | 1)CARE A4; ISSUER NOT COOPERATING* (06-Mar-19) |

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Firm

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|-------------------------------------|------------------|
| 1. | Fund-based - LT-Bank Overdraft | Simple |
| 2. | 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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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