

## Navkar Builders Limited

August 20, 2021

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	8.50	CARE C; Stable; ISSUER NOT COOPERATING* (Single C; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	14.00	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>22.50</b> <b>(Rs. Twenty-Two Crore and Fifty Lakh Only)</b>		

*Details of facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 27, 2020 and August 11, 2020, placed the rating of Navkar Builders Limited (NBL) under the 'issuer non-cooperating' category as NBL had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. NBL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated June 26, 2021, July 07, 2021 and July 17, 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 ratings.***

The long-term rating assigned to the bank facilities of NBL has been revised on account of significant decline in scale of operations of the company in FY21 and Q1FY22 (UA), along with its stretched liquidity as indicated by frequent instances of over-draws in its cash credit limits; which however do not exceed 30 continuous days.

### Detailed description of key rating drivers

#### ***Significant decline in scale of operations along with instances of over-draws in CC account***

Total operating income of the company declined significantly to Rs.7.43 crore in FY21 from Rs.44.46 crore in FY20. Furthermore, TOI continued to decline in Q1FY22 and stood at Rs.0.98 crore, registering over 50% decline both q-o-q and y-o-y basis.

PAT remained thin at Rs.0.51 crore and Rs.0.32 crore respectively, in FY21 and Q1FY22.

Furthermore, liquidity of the company remained stretched as indicated by frequent instances of over-draws in its cash credit account over last few months, not exceeding 30 consecutive days.

Please refer to PR dated [August 11, 2020](#)

**Analytical approach:** Standalone

**Applicable Criteria**

**Policy in respect of Non-cooperation by issuer**

### About the Company

Ahmedabad (Gujarat) based NBL, incorporated in June 1992; is promoted by Shah Family. NBL is a registered 'AA class' contractor with Government of Gujarat (G-o-G). The company executes the orders for the different departments of G-o-G and other private players. The company is also engaged in the manufacturing of Reinforced Cement Concrete (RCC) Vertical Hume Pipe with production capacity of manufacturing moulds ranging from 300 mm to 1400 mm and ready-mix concrete (RMC) and operates from its manufacturing facilities located at Kheda, Gujarat.

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	45.85	8.44
PBILDT	3.66	2.77
PAT	0.39	0.51
Overall gearing (times)	0.30	0.32
Interest coverage (times)	2.04	1.42

A: Audited

For Q1FY22 (UA), NBL reported TOI of Rs.0.98 crore and PAT of Rs.0.32 crore, as against TOI of Rs.2.14 crore and PAT of Rs.0.08 crore in Q1FY21.

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

**Any other information:** Not Applicable

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

**Covenants of rated instrument/facility:** Please refer Annexure-3

**Complexity level of various instruments rated for this company:** Please refer 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-Cash Credit	-	-	-	8.50	CARE C; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	14.00	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-Cash Credit	LT	8.50	CARE C; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (27-Mar-20) 2)CARE BB+; Stable (14-Jun-19)	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (11-Mar-19)
2.	Non-fund-based - ST-Bank Guarantees	ST	14.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (11-Aug-20)	1)CARE A4+; ISSUER NOT COOPERATING* (27-Mar-20) 2)CARE A4+ (14-Jun-19)	1)CARE A4; ISSUER NOT COOPERATING* (11-Mar-19)
3.	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	1)Withdrawn (14-Jun-19)	1)CARE A4; ISSUER NOT COOPERATING* (11-Mar-19)

\*Issuer did not cooperate; Based on best available information, LT: Long-term, ST: Short-term

**Annexure 3: Covenants of rated instrument/facility:** Not Applicable

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	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](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.

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#### About CARE Ratings:

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**