

APRIL 09, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF NAVKAR BUILDERS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	17.67 (reduced from 22.47)	CARE BB+ (Double B Plus)	Reaffirmed
Short-term Bank Facilities	12.00 (enhanced from 3.38)	CARE A4 (A Four)	Reaffirmed
Total Facilities	29.67		

Rating Rationale

The ratings assigned to the bank facilities of Navkar Builders Limited (NBL) continue to be constrained by its relatively modest scale with working capital intensive nature of operations, restricted geographic and revenue diversification along with operations in a highly competitive and fragmented construction industry.

The ratings continue to derive strength from promoter's experience, moderate profitability margins, comfortable capital structure, moderate debt coverage indicators and strong order book position.

The ability of NBL to increase its scale of operations amidst increasing competition along with efficient management of the working capital while maintaining the capital structure would remain the key rating sensitivities.

Background

Ahmedabad-based (Gujarat) Navkar Builders Limited (NBL), incorporated in June 1992, promoted by the Shah Family, is primarily engaged in the civil construction, manufacturing of ready mix concrete (RMC) and Reinforced Cement Concrete (RCC) Hume Pipe (with production capacity of manufacturing moulds ranging from 300 millimeters to 1400 millimeters).

Furthermore, NBL is a registered as "AA" class contractor with Government of Gujarat (GoG). The company has a strong order book of Rs.143.06 crore consisting of orders from the different departments of GoG and other private players.

During FY14 (refers to the period April 1 to March 31), NBL reported total operating income of Rs.58.71 crore (vis-a-vis FY13 Rs.41.93 crore) and PAT of Rs.3.51 crore (vis-à-vis FY13 Rs.3 crore). Furthermore, during 9MFY14 (provisional), the company has achieved the total operating income of Rs.58.72 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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