

Nikhil Construction

March 25, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	26.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable) on the basis of best available information
Short term Bank facilities	31.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE A4+ (A Four Plus) on the basis of best available information
Total	57.00 (Rupees Fifty seven Crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Nikhil Construction to monitor the rating(s) vide e-mail communications/letters dated January 13, 2020, March 14, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The ratings of Nikhil Construction's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings have been revised on account of banker feedback highlighting delay in repayment of loan obligations (not rated by CARE) and subsequently the account of Nikhil Construction being classified as Non-Performing Asset (NPA).

Detailed description of the key rating drivers

Key Rating Weakness

Bank Account Classified as Non-Performing Asset

The bank account of the firm was classified as NPA due to delay in interest servicing in one of the bank facilities (not rated by CARE) during the month of December 2019 to March 12, 2020. Since the account was overdue for more than 90 days it was classified as NPA in first week of March 2020, however the same has been regularized on March 12, 2020.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[CARE's Policy on Default Recognition](#)

[Short Term Instruments](#)

About the Company

Nikhil Construction (NC), promoted by Mr. Balasaheb Pasalkar was incorporated in 1995 as a proprietary firm. In April 2009 the same was converted to a Partnership firm with his three sons, Mr. Yogesh Pasalkar, Mr. Narendra Pasalkar and Mr. Nikhil

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

*Issuer did not cooperate; Based on best available information

Pasalkar being the partners. The firm is based out of Pune, Maharashtra. NC is engaged in the business of civil construction with specialization & expertise in irrigation and road projects. NC has successfully completed the road and building projects in past amounting to Rs.450.25 crore in last five years ending March 31, 2018 for various entities including Pune municipal corporation (PMC) and other public sector bodies.

Brief Financials (Rs. Crore)	FY18 (A)	FY19 (P)
Total operating income	130.94	141.73
PBILDT	12.63	23.66
PAT	6.67	9.43
Overall gearing (times)	1.66	1.82
Interest coverage (times)	3.05	4.03

A: Audited; P: Provisional

Status of non-cooperation with previous CRA: None

Any other information: Nil

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

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	-	-	-	25.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	31.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4+ on the basis of best available information
Fund-based - LT-Bank Overdraft	-	-	-	1.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information

*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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	25.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	1)CARE BB+; Stable (21-Aug-19)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (14-Jan-19)	1)CARE BBB-; Stable (16-Aug-17)	-

2.	Non-fund-based - ST-Bank Guarantees	ST	31.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4+ on the basis of best available information	1)CARE A4+ (21-Aug-19)	1)CARE A4+; ISSUER NOT COOPERATING* (14-Jan-19)	1)CARE A3 (16-Aug-17)	-
3.	Fund-based - LT-Bank Overdraft	LT	1.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	1)CARE BB+; Stable (21-Aug-19)	-	-	-

*Issuer did not cooperate; Based on best available information

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:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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