

No. CARE/PRO/RL/2018-19/1845

Mr. Hemant Naiknavare,
Director
Naiknavare Buildcon Private Limited,
1204/4, Ghole Road
Shivaji Nagar , 411004
Pune, Maharashtra

March 25, 2019

Confidential

Dear Sir

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed long-term non-convertible debenture (NCD) issue aggregating to Rs. 80.00 crore of your company. The proposed NCDs would have tenure of four years with bullet repayment at the end of fourth year.

The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Proposed Non-Convertible Debenture issue	80.00 (Rs. Eighty crore only)	CARE D (Single D)	Assigned

- Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is March 23, 2019).
- In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.



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

Page 1 of 6

CARE RATINGS LIMITED
(Formerly known as Credit Analysis & Research Limited)

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 26, 2019, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



Bhumika Jantwal

Analyst

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Ashish Kashalkar
Deputy Manager

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Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure
Press Release
Naiknavare Buildcon Private Limited

Rating

Instruments	Amount (Rs. crore)	Ratings	Rating action
Non- Convertible Debentures (proposed)	80.00	CARE D (Single D)	Assigned
Total facilities	80.00 (Rupees Eighty crore only)		

Details of instruments in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to instruments of Naiknavare Buildcon Private Limited (NBPL) takes into account lower ability of the company to service its debt obligation. The company is not likely to generate enough cash surplus from its operations in immediate future, considering initial stage of completion of projects (to be transferred to NBPL from other group entities), pending approvals and slow sales momentum.

CARE also observes that there are ongoing delays in servicing of debt obligations towards existing term loans availed by its group entities against various projects. The same projects are to be transferred to NBPL.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delays in debt servicing

There are ongoing delays in servicing of debt obligations towards existing term loans availed by its group entities against various projects. The same projects are to be transferred to NBPL.

The company's ability to service its principal and interest obligations is quite low.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

Policy in respect of Non- cooperation by issuer

About the Company

Naiknavare Group (group) is engaged in construction business since the past 28 years in Pune, and is planning to transfer and develop its three projects namely Neelaya – Talegaon, Eagle's Nest- Talegaon, and Seven Business Square – Shivajinagar under a newly form SPV Naiknavare Buildcon Private Limited (NBPL). The business transfer is proposed to be completed by March 31, 2019.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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

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.

Analyst Contact:

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

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

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Amount (in Rs. Cr)	Rate	Maturity Date	Rating assigned along with Rating Outlook
Proposed Non-Convertible Debenture	Proposed	80.00	1 st year – 0% (from date of first disbursement) After 1year – 18% p.a (payable based on availability of surplus from cash flows in projects)	4 years from the date of disbursement	CARE D
Total		80.00			

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Proposed -Non Convertible Debentures	LT	80.00	CARE D	-	-	-	-