

No. CARE/PRO/RL/2019-20/1444

Mr. Hemand Naiknavare
Director
Naiknavare Buildcon Private Limited
1204/4, Ghole Road
Shivaji Nagar, 411 004
Pune, Maharashtra

January 02, 2020

Confidential

Dear Sir,

Credit rating for outstanding Non-Convertible Debenture issue

On a review of recent developments including operational and financial performance of your company for FY19 (audited) and H1FY20 (unaudited), our Rating Committee has reviewed the following ratings:

Instruments	Amount (Rs. crore)	Rating	Remarks
Non – Convertible Debentures	80.00 (Rupees Eighty Crore only)	CARE D (Single D)	Reaffirmed

- The NCDs are repayable by March 28, 2023 (four years from date of allotment)
- 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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- 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



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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 January 03, 2020, we will proceed on the basis that you have no any comments to offer.

5. 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.
6. 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.
7. 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.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.



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If you need any clarification, you are welcome to approach us in this regard.

Thanking you,



Uttara Gupta
Analyst
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Yours faithfully,



Monika Goenka
Senior Manager
monika.goenka@careratings.com



Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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**Annexure
Draft Press Release**

Ratings

Instruments	Amount (Rs. crore)	Rating	Remarks
Non – Convertible Debentures	80.00	CARE D (Single D)	Reaffirmed
TOTAL	80.00 (Rupees Eighty Crore only)		

Details in Annexure-I

Detailed Rationale & Key Rating Drivers

The reaffirmation of rating to the instruments of Naiknavare Buildcon Private Limited (NBPL) takes into account low 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 (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 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 transferred to NBPL. The company's ability to service its principal and interest obligations is low.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

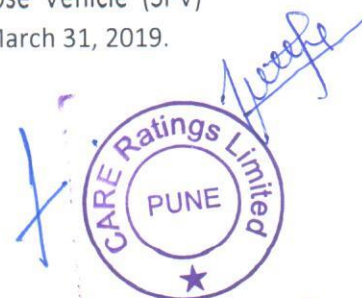
About the Company

Naiknavare Group (group) is engaged in construction business since the past 28 years in Pune, and has transferred its three projects namely Neelaya – Talegaon, Eagle's Nest- Talegaon, and Seven Business Square – Shivajinagar under a newly formed Special Purpose Vehicle (SPV) Naiknavare Buildcon Private Limited (NBPL). The business was transferred on March 31, 2019.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

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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.*

Contact us

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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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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

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