

No. CARE/PRO/RL/2020-21/1452

Mr Hemant Naiknavare
Director
Naiknavare Buildcon Private Limited
1204/5, Ghole Road,
Shivaji Nagar, Pune
Pune
Maharashtra 411004

January 04, 2021

Confidential

Dear Sir,

Credit rating for Non-Convertible Debenture issue

On the basis of recent developments including operational and financial performance of your Company for FY20 (Audited), our Rating Committee has reviewed the following ratings:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debentures	80.00	CARE D (Single D)	Reaffirmed
Total Instruments	80.00 (Rs. Eighty Crore Only)		

2. The NCDs have bullet repayment and are repayable on March 28, 2023.
3. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:



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

CARE Ratings Ltd.

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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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4. 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 A**. 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 **January 05, 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 bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. 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,

Yours faithfully,



Sumit Prakash

Analyst

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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-A

Draft Press Release

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Non-Convertible Debentures	80.00	CARE D (Single D)	Reaffirmed
Total Long Term Instruments	80.00 (Rs. Eighty Crore Only)		

Details in Annexure-I

Detailed Rationale & Key Rating Drivers

The reaffirmation of the rating assigned to the instruments of Naiknavare Buildcon Private Limited (NBPL) takes into account weak credit profile of the company and delays in servicing of debt obligation by its group entities. The projects of the company are currently in the initial stage of execution (transferred to NBPL from other group entities) and are less likely to generate enough cash surplus from its operations in immediate future, considering, pending approvals and moderate sales momentum.

CARE also observes that there are ongoing delays in servicing of debt obligations towards 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 repayment of restructured facilities/ settlement amount of past term loans availed by its group entities against various projects. The same projects were transferred to NBPL. The company's ability to service its principal and interest obligations is low.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Financial ratios – Non Financial Sector](#)

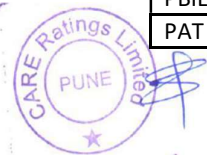
[Rating methodology for Real Estate Sector](#)

[Liquidity Analysis](#)

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.

Brief Financials (Rs. crore)	FY19(A)	FY20 (A)
Total operating income	0.00	0.06
PBILDT	(1.03)	(2.64)
PAT	(1.36)	(2.81)



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Brief Financials (Rs. crore)	FY19(A)	FY20 (A)
Overall gearing (times)	NM	NM
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful

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: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instrument

Name of the Instrument	Date of Issuance	ISIN	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	March 29, 2019	INE06MQ07014	18%	March 28, 2023	80.00	CARE D

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	80.00	CARE D	-	1)CARE D (06-Jan-20)	1)CARE D (26-Mar-19)	-

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities

Name of the Instrument	Detailed explanation
A. Financial covenants	
a. Coupon Rate	18% per annum
B. Non-financial covenants	
a. Call/Put Option	Call Option: At any time after 28/09/2021 (30 months from the first closing date) (First Closing Date means date on which 1 st Allotment made i.e. 29.03.2019)
b. Put/Call Premium	Call Price: A sum which along with the principal sums invested by the Investor which provides an IRR of 22% to the Investor
c. Redemption Premium	The sums payable on the Debentures as per the waterfall which are in excess of the Coupon and principal sums of the Debentures

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Debentures-Non Convertible Debentures	Complex

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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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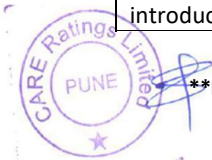
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Disclaimer

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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