

December 27, 2022

Katira Construction Ltd.: Rating downgraded based on best available information; Continues to remain under issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Term Loan	43.00	43.00	[ICRA]BB (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable) and continues to remain under Issuer Not Cooperating category.
Long Term-Fund Based-Cash Credit	21.00	21.00	[ICRA]BB (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable) and continues to remain under Issuer Not Cooperating category.
Short Term-Non Fund Based-Others	163.00	163.00	[ICRA]A4 ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]A3+ and continues to remain under Issuer Not Cooperating category.
Total	227.00	227.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is attributable to the lack of adequate information regarding Katira Construction Ltd. performance and in turn, the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the same may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Katira Construction Ltd., ICRA has been trying to seek information from the entity to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of the requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity
Parent/Group Support	NA

Consolidation/Standalone	Consolidation
--------------------------	---------------

About the company

Katira Construction Limited was established by Mr. Rasik Katira in 1981 as the proprietorship concern, 'M/s Katira Construction Company'. In April 2003, the firm was reconstituted as a closely held public limited company. The company constructs buildings, houses and roads mainly for government and semi-government bodies. At present, it is managed by the Katira and the Thacker families, who have extensive experience, spanning around three decades, in the construction industry.

In 2017, The Gujarat State Road Transport Corporation (GSRTC) awarded three projects to KCL for construction and maintenance of three bus terminal facilities in Gujarat (Bhuj, Patan and Nadiad) to be implemented after constituting special purpose vehicles. Hence, the company incorporated three new subsidiaries, Katira Cube Transplaza (Bhuj) Private Limited (55% held by KCL), Katira Cube Transplaza (Patan) Private Limited (55% held by KCL) and Katira Infra Projects Private Limited (51% held by KCL). The remaining shares are held by Mr. Birju Shah (26%) who is the founder of Dhairya Construction-Kutch, Mrs. Megha Shah, wife of Mr. Birju Shah (14%) and the promoters of KCL. Further, Katira Construction Ltd. was awarded a similar project by the Vadodara Municipal Corporation in May 2019. The projects entail the construction of a bus terminal facility (BTF) and commercial facilities (Vadodara project also entails construction of residential property; however, its 4 remains small) on the land provided by GSRTC/VMC in consideration for a premium amount, along with operations and maintenance of the BTF for 30 years. Of the total cumulative construction cost (including land) for the Bhuj, Patan and Vadodara projects, the Group had incurred ~25% till December 31, 2020. The Group has received the RERA approvals for the Patan and Vadodara projects. For the Bhuj project, it is yet to receive the master plan approval; post which, the Group would apply for RERA approval. The construction for the Bhuj, Vadodara and Patan projects is expected to get completed by FY2023/FY2024.

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

	Instrument	Type	Current Rating (FY2023)				Chronology of Rating History for the past 3 years				
			Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in FY2023		Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2019
					27-Dec-22	24-Jun-22	10-Mar-21	26-Feb-2021	07-Aug-19	30-Jul-19	
1	Term Loan	Long Term	43.00	-	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); ISSUER NOT COOPERATING	-

2	Cash Credit	Long Term	21.00	-	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	-	-	-	-
3	Non-Fund Based Others	Short Term	163.00	-	[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]A3+ ISSUER NOT COOPERATING	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+	[ICRA]A3+; ISSUER NOT COOPERATING	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loan	Simple
Cash Credit	Simple
Non-Fund Based Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	-	-	-	43.00	[ICRA]BB (Stable); ISSUER NOT COOPERATING
NA	Cash Credit	-	-	-	21.00	[ICRA]BB (Stable); ISSUER NOT COOPERATING
NA	Non-Fund Based Others	-	-	-	163.00	[ICRA]A4; ISSUER NOT COOPERATING

Source: Katira Construction Limited

Annexure-2: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Rajeshwar Burla
+91 40 4067 6527
rajeshwar.burla@icraindia.com

Subhechha Banerjee
+91 33 7150 1151
subhechha.banerjee@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.