

February 28, 2024

Katira Construction Ltd.: Continues to remain under Issuer Non-Cooperating category, Long Term Rating downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Cash Credit	21.00	21.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB(Stable); ISSUER NOT COOPERATING and continues to remain under 'Issuer Not Cooperating' category
Long Term-Fund Based-Term Loan	43.00	43.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB(Stable); ISSUER NOT COOPERATING 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 Continues to remain under the '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 hence 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 rating 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 so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been continued to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures 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	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Rating Methodology–Construction
Parent/Group Support	NA
Consolidation/Standalone	Standalone

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 size 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: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years						
	Type	Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY 2023		Date & Rating in FY 2021		Date & Rating in FY 2020		
				Feb 28, 2024	Dec 27, 2022	Jun 24, 2022	Mar 10, 2021	Feb 26, 2021	Aug 07, 2019	Jul 30, 2019	
1. Cash Credit	Long Term	21.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[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. Term Loan	Long Term	43.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable); ISSUER NOT COOPERATING	[ICRA]BBB (Stable)	-	-	-	
3. Non-Fund Based	Short Term	163.00	-	[ICRA]A4; ISSUER NOT COOPERATING	[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
Cash Credit	Simple
Term Loan	Simple
Non-Fund Based	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 analysing 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	Cash Credit	-	-	-	21.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Term Loan	-	-	-	43.00	[ICRA]B+(Stable); ISSUER NOT COOPERATING
NA	Non-Fund Based	-	-	-	163.00	[ICRA]A4; ISSUER NOT COOPERATING

Source: Katira Construction Ltd.

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

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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

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