

August 09, 2021

## Karda Constructions Limited: Ratings Withdrawn

### Summary of rating action

| Instrument <sup>^^</sup>                         | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action              |
|--------------------------------------------------|-----------------------------------|----------------------------------|----------------------------|
| Long Term - Fund based - Term Loan               | 31.00                             | 31.00                            | [ICRA]D; Withdrawn         |
| Long Term - Fund based - Cash Credit             | 33.00                             | 33.00                            | [ICRA]D; Withdrawn         |
| Long Term/Short Term - Fund based/Non-fund based | 36.00                             | 36.00                            | [ICRA]D/[ICRA]D; Withdrawn |
| Long Term – NCD/Debt                             | 50.00                             | 50.00                            | [ICRA]D; Withdrawn         |
| <b>Total</b>                                     | <b>150.00</b>                     | <b>150.00</b>                    |                            |

<sup>^^</sup>Instrument details are provided in Annexure-1

### Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Karda Constructions Limited (KCL/ the company) at the request of the company and based on the No Dues Certificate received from the banker. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous rating rationale is available at the following link: [Click Here](#)

### Analytical approach

| Analytical Approach             | Comments                                                                                                                                                                     |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Applicable Rating Methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Rating Methodology for Real Estate Entities</a><br><a href="#">Policy on Withdrawal of Credit Ratings</a> |
| Parent/Group Support            | Not applicable                                                                                                                                                               |
| Consolidation/Standalone        | The rating is based on standalone financial statements of the rated entity.                                                                                                  |

### About the company

Incorporated in 2008, Karda Constructions Limited is involved in the development of residential as well as commercial real estate projects. The company is promoted by Mr. Naresh Karda, who is the managing director of the company and a civil engineer by qualification. A major number of the projects of the Group are residential with homes ranging from 1BHK apartments to penthouses. The company is listed on NSE and BSE.

In FY2021, the company reported a net profit of Rs. 20.2 crore on an operating income of Rs. 121.4 crore, compared to a net profit of Rs. 9.6 crore on an OI of Rs. 114.1 crore in FY2020.

## Key financial indicators – KCL (Standalone)

| Particulars                                          | FY2020 | FY2021 |
|------------------------------------------------------|--------|--------|
| Operating Income (Rs. crore)                         | 114.12 | 121.38 |
| PAT (Rs. crore)                                      | 9.64   | 20.24  |
| OPBDIT/OI (%)                                        | 24.00% | 29.24% |
| PAT/OI (%)                                           | 8.44%  | 16.68% |
| Total Outside Liabilities/Tangible Net Worth (times) | 1.81   | 1.55   |
| Total Debt/OPBDIT (times)                            | 3.79   | 1.30   |
| Interest Coverage (times)                            | 1.53   | 2.44   |

Note: PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

|   | Instrument                         | Current Rating (FY2022) |                          |                                                    |                            | Chronology of Rating History for the past 3 years |                      |                      |                            |                            |                            |
|---|------------------------------------|-------------------------|--------------------------|----------------------------------------------------|----------------------------|---------------------------------------------------|----------------------|----------------------|----------------------------|----------------------------|----------------------------|
|   |                                    | Type                    | Amount Rated (Rs. crore) | Amount Outstanding as of July 31, 2021 (Rs. crore) | Date & Rating              | Date & Rating in FY2021                           |                      |                      |                            | Date & Rating in FY2020    | Date & Rating in FY2019    |
|   |                                    |                         |                          |                                                    | Aug 09, 2021               | Jan 08, 2021                                      | Nov 18, 2020         | Oct 08, 2020         | May 28, 2020               | Jul 29, 2019               | Jun 28, 2018               |
| 1 | Term Loan                          | Long-term               | 31.00                    | -                                                  | [ICRA]D; Withdrawn         | [ICRA]D                                           | [ICRA]BB-&           | [ICRA]BB-&           | [ICRA]BB-(Stable)          | [ICRA]BB-(Stable)          | [ICRA]BB-(Stable)          |
| 2 | Cash Credit                        | Long-term               | 33.00                    | -                                                  | [ICRA]D; Withdrawn         | [ICRA]D                                           | [ICRA]BB-&           | [ICRA]BB-&           | [ICRA]BB-(Stable)          | [ICRA]BB-(Stable)          | [ICRA]BB-(Stable)          |
| 3 | Fund based/Non-fund based          | Long /Short Term        | 36.00                    | -                                                  | [ICRA]D/[ICRA]D; Withdrawn | [ICRA]D/[ICRA]D                                   | [ICRA]BB-&/[ICRA]A4& | [ICRA]BB-&/[ICRA]A4& | [ICRA]BB-(Stable)/[ICRA]A4 | [ICRA]BB-(Stable)/[ICRA]A4 | [ICRA]BB-(Stable)/[ICRA]A4 |
| 4 | Proposed non-convertible debenture | Long Term               | 50.00                    | -                                                  | [ICRA]D; Withdrawn         | [ICRA]D                                           | [ICRA]BB-&           | [ICRA]BB-&           | [ICRA]BB-(Stable)          | [ICRA]BB-(Stable)          |                            |

Amount in Rs. Crore

&- under ratings watch with developing implications

## Complexity level of the rated instruments

| Instrument                                       | Complexity Indicator |
|--------------------------------------------------|----------------------|
| Long Term - Fund based - Term Loan               | Simple               |
| Long Term - Fund based - Cash Credit             | Simple               |
| Long Term/Short Term - Fund based/Non-fund based | not applicable       |
| Long Term – NCD/Debt                             | 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: [www.icra.in](http://www.icra.in)

#### 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                          | FY2015                      | -           | FY2023        | 31.00                    | [ICRA]D; Withdrawn          |
| NA      | Cash Credit                        |                             |             |               | 33.00                    | [ICRA]D; Withdrawn          |
| NA      | Fund based/Non-fund based          |                             |             |               | 36.00                    | [ICRA]D/ [ICRA]D; Withdrawn |
| NA      | Proposed non-convertible debenture |                             |             |               | 50.00                    | [ICRA]D; Withdrawn          |

**Source:** Company

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

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### Branches



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