

Press Release

Karan Construction Company

May 08, 2020



Rating Update

Total Bank Facilities Rated*	Rs. 20.00 Cr. #
Long Term Rating	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
Short Term Rating	ACUITE A4+ Issuer not co-operating*

Refer Annexure for details`

* The issuer did not co-operate; Based on best available information.

ACUITE has reviewed and downgraded long term rating to '**ACUITE BB**' (read as ACUITE double B) from '**ACUITE BB+**' (read as ACUITE double B plus) and short term rating of '**ACUITE A4+**' (read as ACUITE A four plus) on the Rs.20.00 crore bank facilities of Karan Construction Company (KCC). The downgrade is on account of information risk. This rating is now an indicative rating and is based on best available information.

Karan Construction Company (KCC) was established in 1986 as proprietorship firm by Late Mr. Shankar Pada Karan. Later in 1991, the constitution changed into partnership firm with Mr. Suresh Chandra Karan, Mr. Suman Karan and Mr. Susobhan Karan. It is engaged in execution of civil construction. The list of clientele include various Indian Oil Corporation Limited.- Haldia, Indian Oil Corporation Limited.-Bongaigaon, Hindustan Uniliver Ltd.-Haldia Factory to name a few. The firm mainly operates in West Bengal, Assam, Jharkhand and others.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of KCC to arrive at this rating.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer / borrower failed to submit such information before due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities in infrastructure sector - <https://www.acuite.in/view-rating-criteria-15.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer / borrower (in the absence of information provided by the issuer / borrower). Acuité endeavored to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest Financial Statements despite repeated attempts.

Status of non-cooperation with previous CRA (if applicable)

CRISIL, vide its press release dated March 14, 2019 had denoted the rating of Karan Construction

Company as 'CRISIL B/STABLE/A4; ISSUER NOT COOPERATINGN RATING'.

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
01-Mar-2019	Cash Credit	Long Term	7.00	ACUITE BB+/Stable (Assigned)
	Overdraft	Long Term	3.00	ACUITE BB+/Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	10.00	ACUITE A4+ (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
Overdraft	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB (Downgraded from ACUITE BB+) Issuer not co-operating*
Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4+ Issuer not co-operating*

*The issuer did not co-operate; Based on best available information.

Contacts

Analytical	Rating Desk
Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in
Shubham Ghosh Analyst - Rating Operations Tel: 033-66201212 shubham.ghosh@acuite.in	

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile ACUITE Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the

adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.