



## Press Release

### Navkar Global Infra

**December 31, 2024**

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1.	Long Term Bank Facilities	116.56	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	<a href="#">Simple</a>
2.	Short Term Bank Facilities	33.44	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	<a href="#">Simple</a>
<b>Total</b>		<b>150.00</b>	<b>(Rupees One Hundred Fifty Crore Only)</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has reaffirmed the long-term rating at IVR BBB- with a Stable outlook and short-term rating at IVR A3 to the bank loan facilities of Navkar Global Infra (NGI).

The rating assigned to NGI continues to derive comfort from experienced partners, improving scale of operations and healthy order book position, besides comfortable debt protection metrics. However, these rating strengths remain constrained by partnership constitution of the firm, order execution risk and presence of the firm in highly competitive industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that the firm's business & financials risk profile will be maintained over the medium term. The firm has a healthy order book which provides revenue visibility in the short to medium term.

IVR has principally relied on the standalone audited financial results of Navkar Global Infra up to FY24 (refers to period April 1st, 2023, to March 31st, 2024) and three years projected



## Press Release

financials for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), along with publicly available information/clarifications provided by the firm's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Consistent increase in scale of operations as projected and maintaining the profitability & debt protection metrics at comfortable level.
- Improvement in the capital structure as marked by overall gearing remaining below 2.00x on a sustained basis.

#### **Downward Factors**

- Moderation in the scale of operations led by moderation in order book and/or profitability impacting the liquidity profile of the firm.
- Deterioration in profitability margins and cash accruals of the firm leading to stretched liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Experienced partners:**

Navkar Global Infra currently has three partners viz. Nitin Chandna, Vandana Chandna and EcoVision Infrastructure Pvt. Ltd and it is also led by Sachin Jain, Anil Sharma, and Dharmendra Sadh, who collectively manages the overall operations of the business. With over a decade of experience in trading of construction materials, providing transportation services, and engagement in construction projects, the partners have built strong relationships with both customers and suppliers.

##### **Improved scale of operations and good order book position:**

The firm's total operating income (TOI) has increased from Rs. 291.49 crore in FY23 to Rs. 475.76 crore in FY24 on the back of a large number of transportation orders executed for National Thermal Power Corporation Limited (NTPC Limited) during the year. The firm has registered gross sales of ~Rs 144 crore till July 2024 and currently it has total unexecuted



## Press Release

orders of ~Rs 700 crore which provides the revenue visibility in short to medium term. Firm's business risk profile continues to be supported by healthy association developed with various reputed companies like NTPC Limited, Tata Projects Limited etc.

### **Comfortable debt protection metrics:**

The debt protection metrics of the firm is at comfortable level, indicated by comfortable interest service coverage ratio (ISCR) of 3.90x in FY24 (PY: 3.64x) & debt service coverage ratio (DSCR) of 1.31x in FY24 (PY: 2.33x). Total debt/EBITDA ratio is moderate at 4.45x in FY24 (PY: 3.37x).

### **Key Rating Weaknesses**

#### **Inherent risk on account of being a partnership firm:**

Being a partnership firm, it is exposed to inherent risk of the partner's capital being withdrawn at a time of personal exigency, besides risk of dissolution and restricted avenues to raise capital, which could be one of the deterrent to the firm's growth.

#### **Orders execution & customer concentration risk:**

Given the nature of projects awarded mainly through government entity, the firm is exposed to inherent risk in terms of delays in execution of certain orders which may arise due to arranging infrastructure and sanction of working capital limits for the completion of orders, resulting in a delay in the realization of revenue growth. In addition to that the firm has low capital base as compared to the size of the order book. Firm is also exposed to customer concentration risk as ~90% of its revenue is generated from NTPC Limited and Tata Projects Limited. However, the risk is mitigated to an extent as both the companies are well known and reputed. Also, firm has established good business relation over the years reflected in regular orders being received by the firm.

#### **Presence in a competitive industry:**

NGI faces direct competition from various organized and unorganized players in the market. There are a number of small and regional players catering to the same market which has limited the bargaining power of the firm and has exerted pressure on its margins. Further, the firm majorly undertakes projects which are awarded through the tender based system. This



## Press Release

exposes the firm towards risk associated with the tender-based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. Apart from this, any changes in the government policy or government spending on projects are likely to affect the revenues and profits of the firm.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies.](#)

[Rating Methodology for Service Sector Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity of the firm remains adequate marked by satisfactory cash accrual of Rs 25.91 crore with current repayment obligations of Rs ~17 crore. Going forward its expected cash generation is ~Rs 29-33 crore during FY25-27 against the scheduled repayment of ~Rs 9-12 crore. The firm has current ratio of 1.04x and cash & cash equivalent of ~Rs. 0.35 crore as of November 2024. The average working capital utilisation of the firm remained moderate at ~82% during the past 12 months ended November 2024. Going forward, in case of substantial increase in scale of operations, enhancement in bank lines remains critical to efficiently manage liquidity.

### **About the Company**

Navkar Global Infra (NGI) is a partnership firm established on January 29, 2018. The firm is based in Gurgaon, and it is primarily engaged in providing transportation services, majorly to NTPC Ltd, all over India and trading of construction materials such as aggregates, dust, sand, ballast, flyers. The firm is currently managed by EcoVision Infrastructure Private Limited, Mr. Nitin Chandna and Ms Vandana Chandna sharing profit and losses in the ratio of 99%, 0.50% & 0.50% respectively. Currently, the firm owns a total of ~82 trucks and based on requirements it hires from local service operators.



## Press Release

### Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	291.49	475.76
EBITDA	29.62	33.67
PAT	8.16	15.29
Total Debt	99.77	149.73
Tangible Net Worth	22.35	30.49
EBITDA Margin (%)	10.16	7.08
PAT Margin (%)	2.80	3.21
Overall Gearing Ratio (x)	4.46	4.91
Interest Coverage (x)	3.64	3.90

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-2022
1.	Long Term Bank Facility – Fund Based	Long Term	116.56	IVR BBB-/ Stable	IVR BBB-/ Stable (October 25, 2023)	-	-
2.	Short Term Bank Facility- Non Fund Based	Short Term	33.44	IVR A3	IVR A3 (October 25, 2023)	-	-

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## Press Release

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	January 2025	0.96	IVR BBB- /Stable



## Press Release

GECL	-	-	-	March 2027	4.59	IVR BBB- /Stable
WC DL	-	-	-	July 2025	39.01	IVR BBB- /Stable
Cash Credit	-	-	-	-	35.00	IVR BBB- /Stable
Dropline Overdraft	-	-	-	-	37.00	IVR BBB- /Stable
Proposed Bank Facilities – Bank Guarantee	-	-	-	-	28.44	IVR A3
Bank Guarantee	-	-	-	-	5.00	IVR A3

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/Len-Navkar-Global-31dec24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).