

## Press Release

### JAIDHAR CONSTRUCTIONS

20 February, 2018



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 7.50 Cr.
<b>Long Term Rating</b>	SMERA BB- / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4+

\* Refer Annexure for details

SMERA has assigned long-term rating of '**SMERA BB-** (read as SMERA double B minus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs.7.50 crore bank facilities of Jaidhar Construction. The outlook is '**Stable**'.

Jaidhar Constructions, established in 1998 by Mr. Chandrasekhar Rao is engaged in the manufacturing of Ready Mix Concrete (RMC) and bricks in Telangana. The firm has set up two plants at Telangana with aggregate installed capacity of 11.38 lakh cubic meters to manufacture RMC. The firm also caters to Sri Ayyappa Swamy Constructions through an RMC plant of 2.63 lakh cubic meters capacity.

### Key Rating Drivers

#### Strengths

##### Established track record of operations, experienced management

The firm was established by Mr. Chandrasekhar Rao and Mrs. Rukmini Devi in 1998. Both possess extensive experience in the manufacture of construction material. The firm has established long track record of operations and long term relations with customers and suppliers.

#### Healthy order book position

The firm has a healthy order book position of ~Rs. 37 crore, expected to be executed by December 2018. The order book lends comfortable revenue visibility over the medium term.

#### Weaknesses

##### Working capital intensive operations

The operations are working capital intensive with Gross Current Asset (GCA) days of 153 in FY2017 as compared to 189 days in the previous year. This is mainly due to high debtor days of around 128 in FY2017 as against 171 in FY2016.

##### Competitive and fragmented industry

The RMC industry is highly competitive with intense competition from organised as well as unorganised players. This has resulted in low profitability of 0.95 per cent in FY2017 compared to 1.04 per cent in FY2016.

#### Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profile of

Jaidhar Constructions.

### Outlook: Stable

SMERA believes that the outlook of Jaidhar Constructions will remain Stable in the medium term owing to its long track record of operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers higher than expected revenue and profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower than expected profit margins or higher than expected debt funded capex undertaken by the firm.

### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	12.75	9.85	9.19
EBITDA	Rs. Cr.	2.00	1.10	1.19
PAT	Rs. Cr.	0.12	0.10	0.10
EBITDA Margin	(%)	15.72	11.14	12.93
PAT Margin	(%)	0.95	1.04	1.09
ROCE	(%)	8.63	6.20	16.80
Total Debt/Tangible Net Worth	Times	1.38	0.63	0.68
PBDIT/Interest	Times	2.86	3.47	2.88
Total Debt/PBDIT	Times	3.37	2.62	2.07
Gross Current Assets (Days)	Days	153	189	158

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** None

### Applicable Criteria

- Default Recognition -<https://www.smera.in/criteria-default.htm>
- Manufacturing Entities -<https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments -<https://www.smera.in/criteria-fin-ratios.htm>

**Note on complexity levels of the rated instrument**<https://www.smera.in/criteria-complexity-levels.htm>

**Rating History (Upto last three years)** Not Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	NA	LT	NA	2.75	SMERA BB- / Stable
Bank Guarantee	NA	ST	NA	0.80	SMERA A4+
Term Loan	NA	LT	NA	3.95	SMERA BB- / Stable

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## ABOUT SMERA

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