



## Rating Rationale

### Rajhans Infratech Private Limited

September 13<sup>th</sup>, 2017

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#### Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 30.00 Crores of Rajhans Infratech Private Limited

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Brickwork Ratings assigns following rating<sup>1</sup> for the Bank Loan Facilities of **Rajhans Infratech Private Limited (The Company)**

Facilities	Amount Rated In Crs	Tenure	Rating
Fund Based			
Term Loan	30.00	Long Term	BWR B- (Pronounced as BWR Single B Minus) (Outlook : Stable)
<b>Total</b>	<b>30.00</b>	<b>INR Thirty Crores Only</b>	

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of **Rajhans Infratech Private Limited** up to FY16, provisional financial for FY 17, projections of FY18, publicly available information and information provided by the company.

The rating of Rajhans Infratech Private Limited has derived comfort from the experience of directors in real estate industry, brand name of 'Rajhans' enjoyed by the company and comfortable liquidity position. However, the ratings are constrained by low tangible net worth, weak debt protection metrics, high gearing ratio and project execution risk as the project is in it's initial stage.

September 13<sup>th</sup>, 2017



### **Credit Strengths :**

- **Comfortable liquidity position :** The current ratio of the company stands at 1.70 times as per FY17 provisional financial.

### **Credit Concerns :**

- **Low tangible net worth :** The tangible net worth of the company stands at Rs 1.87 Crores as on March 2017.
- **Weak Debt Protection metrics :** ISCR & DSCR for the company stands at -1.80 and 0.95 respectively as per FY17 provisional statements.
- **High Gearing Ratio :** TOL / TNW stands at 40.47 times in FY17. However the promoter has infused funds in the form of unsecured loans which has improved the gearing ratio marginally.

### **Rating Outlook: Stable**

BWR believes the **Rajhans Infratech Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Rajhans Infratech Private Limited was incorporated in the year 1982 as Dilshad Estate Private Limited. The company later changed its name to Rajhans Infratech Private Limited. The company is engaged in construction of residential and commercial properties in various parts of North India. The current ongoing project of the company is in Greater Noida (NCR Region). The project currently in hand is named as 'Rajhans Residency' whose estimated cost is approximately Rs 220 Crores which is funded by promoter's contribution (Rs 2.00 Crores), Unsecured Loans (Rs 28.00 Crores), Bank Loan (Rs 30.00 Crores ) and customer advances (Rs 160.00 Crores). The company has been promoted by Mr Ramesh Chander Goyal and Mrs Neelam Goyal who have an experience of more than 3 decades in real estate construction business.

The company has not booked any revenues so far as the project is at initial stage of construction.

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**Rating History for the last three years: (including withdrawn/suspended ratings).**

Facility	Current Rating (2017)			Rating History		
	Tenure	Amount (in Crs.)	Rating	2016	2015	2014
Term Loan	Long Term	30.00	BWR B- (Pronounced as BWR Single B Minus) (Outlook : Stable)	NA	NA	NA
Total		30.00	INR Thirty Crores Only			

**Hyperlink/Reference to Applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

**September 13<sup>th</sup>, 2017**



Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

#### **DISCLAIMER**

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