

## Rating Rationale

### Hardayal Infra Projects Pvt Ltd

5 Sep 2018

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Hardayal Infra Projects Pvt Ltd aggregating to INR 35.00Cr.**

Facilities Aailed	Amount Rated (Cr)	Tenure	Rating Assigned
<b>Fund Based</b>			
CC	10.00	Long term	BWR BB - (Pronounced as BWR Double B Minus) Outlook : Stable
<b>Non Fund Based</b>			
BG	25.00	Short Term	BWR A4+ ( Pronounced as BWR Single A Four Plus)
<b>Total Amount to be Rated</b>	<b>35.00</b>	<b>INR. Thirty Five Crores Only</b>	

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

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

BWR has principally relied upon audited financials upto FY17 provisionals of FY18 and projections of FY 19 and FY 20, publicly available information and information provided by the management.

The rating has, inter alia, factored in the experience of the Directors in Civil Constructions Industry , healthy amount of orders in hand and comfortable profitability margins.

The rating is, however constrained by small and declining scale of operations, vulnerability of its profitability to the movement in the raw material price and geographical concentration risk and risk associated with tender based business.

#### **Key Rating Strengths**

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1. **Promoter's experience :** The promoter have experience of 4 years in the civil construction industry.
2. **Orders On Hand:** The company has orders of INR 97.66 Crs on hand which provide revenue visibility in the near future.

### **Key Rating Weaknesses**

1. **Small Scale of operations:** The top line of the company have registered a growth of 72.96% in FY17 and the same stood at INR 35.94 Crs. Further as per the provisionals the TOI stood INR 11.73 Crs in FY 18. The decline in TOI was due to lack of tenders by the Government.
2. **Geographical concentration risk :** The firm is exposed to geographical concentration risks as the firm's operations are limited to the state of Uttar Pradesh only . Further there is volatility in the revenue profitability due to risks associated with tender based business.
3. **Exposure to competition and to risks inherent in tender-based business:** HIPPL primarily works for public sector units where orders are acquired through tenders. Being in a tender-based business, the company's growth depends on success in winning tenders. Thus, it has low bargaining power with customers. Furthermore, the EPC contract work business for the civil construction industry is intensely competitive, and has numerous small and established players.

### **Rating Outlook: Stable**

BWR believes the **Hardayal Infra Projects Pvt Ltd** 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**

Established in 2014, HIPPL was promoted as a partnership firm, HIP, in 2012 by Mr Amol Yadav and Mr Sachin Yadav; the business was transferred to the private limited company in April 2015. The company undertakes civil construction works related to roads and canals in Uttar Pradesh. It is headquartered in Shikohabad near Firozabad, Uttar Pradesh (UP), and primarily undertakes works for various government entities such as the state Public Works Department.

Mr.Mayank Yadav, Mr.Praveendra Kumar Yadav, Mr.Amol Yadav and Mr.Sachin Yadav are the directors of the company.

## Company's Financial Performance.

Key Financial Indicators			
Result Type	Units	FY 16	FY 17
		Audited	Audited
Total Operating Income	Rs. in Crores	20.78	35.94
OPBDIT	Rs. in Crores	1.54	2.81
PAT	Rs. in Crores	0.69	1.30
Tangible Net Worth	Rs. in Crores	4.79	6.10
TOL/TNW	Times	2.49	3.09
Current Ratio	Times	1.67	1.58

## Rating History for the last three years (including withdrawn/suspended ratings)

Facilities Availed	Rating Assigned (September 2018)			Rating History		
	Amount Rated (Cr)	Tenure	Rating Assigned	2017	2016	2015
CC	10.00	Long term	BWR BB- Outlook: Stable	NA	NA	NA
BG	25.00	Short term	BWR A4+	NA	NA	NA
Total	35.00	INR. Thirty Five Crores Only				

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

Any other information – NIL

### Hyperlink/Reference to applicable Criteria

- |   |  |   |                                 |
|---|--|---|---------------------------------|
| 1 | <a href="#">General Criteria</a>             | 3 | <a href="#">Service Sector</a>  |
| 2 | <a href="#">Approach to Financial Ratios</a> | 4 | <a href="#">Short Term Debt</a> |

For any other criteria obtain hyperlinks from website

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### About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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