



Rating Rationale

Jai Hanuman Construction

16 March 2018

Brickwork Ratings assigns ratings for the Bank Loan facilities aggregating Rs. 8.00 Crores of Jai Hanuman Construction

Particulars:

Facilities	Amount Rated (Cr)	Tenure	Rating Assigned
Fund Based Cash Credit	3.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Non Fund Based Inland Letter of Guarantee	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)
Total	8.00		INR Eight Crore Only

^Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results upto FY17 publicly available information and information/ clarifications provided by the company.

The rating draws comfort from the Experience of Partners, Comfortable Gearing and Debt Protection Metrics. The rating is however, constrained by low tangible networth, risk associated with tender based business and Constitution of the firm as partnership

Key Rating Drivers

Credit Strengths

- **Experienced Partners:** Partners have more than a decade of experience in the business of undertaking civil contracts and have gained thorough knowledge of the market which could help the firm in near future to scale up its operations.



- **Moderate financial risk profile :** Firm's financial risk profile is characterized by the Gearing level(TOL/TNW) of 1.32X as on 31.03.2017. For FY-17; Interest Service Coverage Ratio(ISCR), Debt Service Coverage Ratio (DSCR) and Current Ratio stood at comfortable level of 2.90X, 3.78X and 1.75X respectively which shows firm's ability to meet its short term and long term obligations

Credit Weakness

- **Low Tangible Networth:** Firm's Tangible Networth stood at Rs 2.93 Cr for FY-17 which restrict the ability of the firm to bid for high value contracts.
- **Risk associated with Tender based business:** Firm is exposed to inherent risk associated with tender based business such as competitive bidding, delayed Payments and changes in government policies.
- **Partnership Constitution:** Jai Hanuman Construction being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at a time of personal contingency, risk of dissolution and restricted avenues to raise capital which could prove a hindrance to its growth.

Rating Outlook: Stable

BWR believes Jai Hanuman Construction 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 there is a sustained improvement in the revenues and profits of the company. The rating outlook may be revised to 'Negative' if the revenues and profits shows declining trend.

About the Company

M/s Jai hanuman Construction a partnership firm was established in the year 2005 by Partners Mr. Jagdish Tiwari, Mr. Rakesh Kumar Pande, Mr. Gajendra Singh and Ms. Kusum Singh.

It undertakes various state civil construction contracts such as Roads, Bridge and Canal Contracts and operates from Varanasi, Uttar Pradesh.

Company Financial Performance

Key Parameters	Units	FY-16 (Audited)	FY-17 (Audited)
Total Operating Income	Crores	18.46	9.82
EBITDA	Crores	1.31	0.82
Tangible Networth	Crores	1.98	2.93
TOL/TNW	Times	0.94	1.32
Current Ratio	Times	1.82	1.75
PAT	Crores	1.12	0.72

Status of non-cooperation with previous CRA: NA

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

Facilities	Amount Rated (Cr)	Tenure	Rating Assigned (2018)	2017	2016	2015
Fund Based Cash Credit	3.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA	NA
Non Fund Based Inland Letter of Guarantee	5.00	Short Term	BWR A4 (Pronounced as BWR A Four)			
Total	8.00	INR Eight Crore Only				

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services](#)
- [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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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.

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