

Rating Rationale

Mayur Construction Company

11 July 2018

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Mayur Construction Company .

Facilities Aailed	Amount to be Rated (Cr)	Tenure	Rating Assigned [^]
Fund Based			
OD	7.00	Long term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable
Non Fund Based			
BG	7.00	Short Term	BWR A4 (Pronounced as BWR Single A Four)
Total Amount to be Rated	14.00	INR. Fourteen Crores Only.	

[^]Please refer to BWR website 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 of **Mayur Construction Company**, provisionals of FY18 and projections of FY 19, publicly available information and information provided by the proprietor.

The rating has, inter alia, factored in the experience of the proprietor in Civil Constructions Industry for more than 2 decades , healthy orders on hand and comfortable profitability margins.

e rating is, however constrained by small 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

1. **Promoter's experience :** The promoter have extensive experience of more than 2 decades in the civil construction industry. Over this period he has established a strong market position for the firm. This will also help to scale up operations over the medium term.

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2. **Orders On Hand:** The firm has orders of INR 66.75 Crs on hand which provide revenue visibility in the near future.

Key Rating Weaknesses

1. **Small Scale of operations:** The top line of the firm have registered a growth of 30.65% in FY17 and the same stood at INR 32.56 Crs. The increase in revenue is due to increase in the number of tenders procured by the firm. Further as per the provisionals the TOI stood INR 39.16 Crs in FY 18. The scale of operations is low looking to the size of the industry.
2. **Geographical concentration risk :** The firm is exposed to geographical concentration risks as the firm's operations are limited to the state of Rajasthan 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:** MCC 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 players. MCC also faces competition from large players, which constrains its bargaining power.

Rating Outlook: Stable

BWR believes the **Mayur Construction Company** 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 Firm

Mayur Construction Company was established in 1997 as a proprietorship firm. The firm is engaged in contract-based construction work, mainly for organisations such as National Highways Authority of India Public Works Department, Jaipur, Central Public Works Department, CAIRN India, TATA projects Limited and various central and state government bodies. The firm is presently registered as "AA" Class contractor with PWD, Rajasthan and is an ISO 9001 certified firm .

Office of the firm is located in Barmer in Rajasthan and Mr.ML Sharma is the proprietor of the firm.

Firm's Financial Performance.

Key Financial Indicators			
Result Type	Units	FY 16	FY 17
		Audited	Audited
Total Operating Income	Crores	24.92	32.56
OPBDIT	Crores	3.02	3.55
PAT	Crores	0.28	1.07
Tangible Net Worth	Crores	4.42	5.83
TOL/TNW	Times	2.65	1.65
Current Ratio	Times	1.44	1.53

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

Facilities Availed	Rating Assigned in 2018			Rating History		
	Amount Rated (Cr)	Tenure	Rating Assigned	2017	2016	2015
OD	7.00	Long term	BWR BB- Outlook: Stable	NA	NA	NA
BG	7.00	Short term	BWR A4	NA	NA	NA
Total Amount to be Rated	14.00	INR.Fourteen Crores Only				

Status of non-cooperation with previous CRA (if applicable) - India Ratings and Research (Ind-Ra) has migrated Mayur Construction Company's (MCC) Long-Term Issuer Rating to the non-cooperating category as on October 13, 2017.

Any other information – NIL

Hyperlink/Reference to applicable Criteria

- | | | | |
|----------|--|----------|---------------------------------|
| 1 | General Criteria | 3 | Service Sector |
| 2 | Approach to Financial Ratios | 4 | 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, 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 leading public sector 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, 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.

DISCLAIMER

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