

Jaidhar Constructions

May 04, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*) and Withdrawn
Total Bank Facilities	-		

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

CARE has reaffirmed and withdrawn the outstanding ratings of 'CARE B; Stable; issuer not cooperating [Single B; Outlook: Stable] and CARE A4; Issuer not cooperating [A Four] to the bank facilities of Jaidhar Constructions with immediate effect.

The above action has been taken at the request of Jaidhar Constructions and 'No Objection Certificate' received from the banker that have extended the facilities rated by CARE.

The firm has not availed moratorium on loans

Detailed description of the key rating drivers

Key Rating Weakness

Small scale of operation

The scale of operations of the firm remained small marked by a total operating income (TOI) of Rs.20.44 crore in FY20 and tangible net worth of Rs. 5.08 crore as on March 31, 2020.

Working capital intensive nature of operations

The operating cycle days of the firm has increased and stood at 79 days in FY20.

Highly fragmented and competitive business segment due to presence of numerous players and association of profits to the real estate industry

The firm is engaged into a fragmented business segment and competitive industry. The market consists of several small to medium-sized firms that compete with each other along with several large enterprises. There are several small sized firms in and around Medchal District, Telangana which compete with JC.

The end product of JC finds its application in the construction industry. And hence the business risk profile of JC is directly linked to that of the construction and real estate sector.

Constitution of a partnership concern with risk of withdrawal of capital

The firm was established as a partnership concern and the risk of withdrawal of partner's capital prevails. There is parity between the existence of the firm and the life of the partners.

Key Rating Strengths

Long track record and Experience of the managing partner in cement industry for more than two decades

JC was established in the year 2006 as a partnership firm by Mr. N Chandra Shekar Rao along with his wife Mrs. N Rukmini Devi as partners. Mr. N Chandra Shekar Rao, the Managing partner, who manages the various departments such as HR, Financial, Sales & Marketing etc., he is graduate by qualification, has more than two decades of experience in construction industry as he is one of directors in "M/s. Kasinath Metals Private Limited" which is engaged in the business of Stone Crushing Mrs. N Rukmini Devi (W/o Mr. N Chandra Shekar Rao), is also a graduate by qualification and has experience in construction business.

Satisfactory operating margin albeit declining in FY20

The operating profits of the firm has marginally declining and stood at 13.89% in FY20. Further, the PAT margin has been declining & thin and stood at 0.69% in FY20.

Moderate capital structure and satisfactory debt coverage indicators

The capital structure of the firm has remained moderate marked by overall gearing ratio has marginally improved and stood at 1.78x as on March 31,2020.

The debt coverage indicators of the firm has remained satisfactory marked by total debt/GCA has marginally improved and stood 5.25x in FY20. However, Interest coverage ratio of the firm deteriorated and stood at 2.69% in FY20.

Analytical approach: Standalone

Applicable Criteria

[Policy on Withdrawal of ratings](#)

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios- Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

About the firm

Jaidhar Constructions (JC) was established as a partnership firm by Mr. N Chandra Shekar Rao along with his wife Mrs. N Rukmini Devi in November 2006. The promoters are also the directors of "M/s. Kasinath Metals Private Limited" which is engaged in the business of Stone Crushing. During the initial two year of operations (2006-2008) JC is engaged in the business of Supply of construction material. Whereas in the year 2008, upon establishment of a plant at Keesara Mandal, the firm started manufacturing of Ready Mix Concrete (RMC) and cement Bricks which finds its application in the construction sector. The firm has two plants located in Medchal(manufacturing of RMC and Cement Bricks) and one plant at Bupalpally(Job work), Telangana and 44 vehicles operating for transportation of RMC to the construction site. The customers of JC include construction companies, Civil contractors and real estate developers. The installed capacity of JC stood at 20,000 cubic meter per month of each plant located at Medchal District with actual production of 5000 cubic meter per month as of March 13, 2019. JC has around 135 employees working in the batch plants. The firm sells RMC in its own brand name, 'JRMCM'. JC has obtained a ISO 9001:2008 Certification and meets RMC Capability Certification from the Quality council of India (QCI). The registered office of the firm is located in Secunderabad, Telangana. The firm generates 45% of the revenue through brick manufacturing and the balance 55% through Sale of RMC.

Brief Financials (Rs. crore)	31-03-2019	31-03-2020
	A	A
Total operating income	19.72	20.44
PBILDT	2.84	2.84
PAT	0.13	0.14
Overall gearing (times)	1.84	1.78
Interest coverage (times)	2.81	2.69

A: Audited;

Status of non-cooperation with previous CRA: CRISIL Ratings has conducted the review on the basis of best available information and has classified Jaidhar Constructions as Issuer not cooperating vide its press release dated January 18, 2021.

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Fund-based - LT-Bank Overdraft	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantees	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (22-Apr-21)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (16-Mar-20) 2)CARE BB-; Stable (08-Apr-19)	-
2.	Fund-based - LT-Bank Overdraft	LT	-	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (22-Apr-21)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (16-Mar-20) 2)CARE BB-; Stable (08-Apr-19)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (22-Apr-21)	-	1)CARE A4; ISSUER NOT COOPERATING* (16-Mar-20) 2)CARE A4 (08-Apr-19)	-

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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