

Mahavir Construction Company

August 28, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	0.90	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*) on the basis of best available information
Short Term Bank Facilities	8.00	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total Facilities	8.90 (Rs. Eight Crore And Ninety Lakh Only)		

*Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Mahavir Construction Company (MCC) to monitor the ratings vide e-mail communications/letters dated August 05, 2020, August 10, 2020, August 12, 2020 and numerous phone calls. However, despite our repeated requests, the Entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the publicly available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings of MCC's bank facilities will now be denoted as **CARE B-; Stable/CARE A4; ISSUER NOT COOPERATING**. Further, the banker could not be contacted.

Users of these ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating in June 17, 2019 the following were the rating strengths and weaknesses:

Key Rating Weaknesses:

Constitution as partnership firm: MCC, being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at time of personal contingency and the firm being dissolved upon the death/retirement/insolvency of the partners. Moreover, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

Significant geographical concentration with single state operation and high dependence on the government of Chhattisgarh: MCC operates in the state of Chhattisgarh with majority of the projects executed for construction of barrage, bridge, roads and to a small extent for Buildings. In view of its presence in a single state, the firm is exposed to geographical concentration risk to a large extent. Moreover, the firm is majorly dependent on tenders floated by the state government of Chhattisgarh. Accordingly, any political turmoil or other macro- economic issues can restrict the growth of the firm in the future.

Highly competitive intensity on account of low complexity of work involved with sluggish economic scenario: The firm has to bid for the contracts based on tenders opened by the above government departments. Upon successful technical evaluation of various bidders, the lowest bid is awarded the contract. Since the type of work done by MCC is mostly commoditized, the firm faces intense competition from other players. The firm receives projects which majorly are of a short to medium tenure (i.e. to be completed within maximum period of one to three years). Apart from this, present economic slowdown is also having a negative bearing on the construction sector which may also hinder the growth of the firm.

Key Rating Strengths:

Satisfactory experience of the partners in construction business and long operating history of the firm: The key partner, Mr Shanti Lal Bohra has over three and half decades of experience in the civil construction industry and looks after the

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

overall business functions. Other partner, Mr Prashant Bohra, a civil engineer, has around a decade of experience in the civil construction industry, supports in the day to day operations of the firm. Apart from this, MCC has been in the civil construction business since 1979 and accordingly has established good relationships with government entities and with other contractors having a satisfactory track record of completing civil construction contracts awarded by the government bodies in the state of Chhattisgarh.

Analytical approach: Standalone.

Applicable Criteria

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

[Criteria on assigning 'outlook' and 'credit watch'](#)

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

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

[Criteria for Short Term Instruments](#)

About the firm

Chhattisgarh-based MCC was set up in July 1979 as a proprietorship entity by Mr Shanti Lal Bohra. However, the entity was re-constituted as a partnership entity in April 2010 with its present name. Since its inception, MCC has been engaged in civil construction works in the segments like roads and bridges.

Brief Financials (Rs. crore)	FY14 (A)	FY15 (A)
Total operating income	22.86	17.34
PBILD	2.88	2.73
PAT	1.14	0.83
Overall gearing (times)	2.77	2.72
Interest coverage (times)	2.56	2.20

A: Audited

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating History (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-Cash Credit	-	-	-	0.90	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	8.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	0.90	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE B+; ISSUER NOT COOPERATING* (11-Jul-18)	-
2.	Non-fund-based - ST-Bank Guarantees	ST	8.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (18-Jun-19)	1)CARE A4; ISSUER NOT COOPERATING* (11-Jul-18)	-

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Annexure 3: Complexity level of various instruments rated for this Firm

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	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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