

Markoline Infra Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	5.00	SMERA BB-/ Stable (Reaffirmed)
Bank Guarantee	2.50	SMERA A4+ (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB-' (read as SMERA double B minus)** and short term rating of '**SMERA A4+ (read as SMERA A four plus)** on the above mentioned Rs.7.50 crore bank facilities of Markoline Infra Private Limited (MIPL). The outlook is '**Stable**'.

The ratings continue to derive comfort from the company's experienced management, reputed clientele and moderate financial profile. However, the ratings remain constrained by the nascent stage of operations.

Update

MIPL undertakes toll operations, route patrolling among others. The revenues of the company declined in FY2016 to Rs.14.71 crore from Rs.20.30 crore in FY2015. Further, the operating margins declined in FY2016 to 8.12 per cent from 9.02 per cent in FY2015. The financial risk profile continues to be moderate marked by interest coverage ratio (ICR) of 2.04 times for FY2015-16 (2.55 times for FY2014-15). The TOL/TNW stood at 2.96 times as on March 31, 2016 (3.32 times as on March 31, 2015).

Rating Sensitivity Factors

- Scaling up operations while maintaining profitability
- Deterioration in the capital structure

Outlook: Stable

SMERA believes that the outlook of MIPL will remain Stable over the medium term owing to the strong financial risk profile. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenues while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the capital structure leading to stretch in liquidity.

About the Company

MIPL, established in 2005 is engaged in the maintenance and operation of highways. The company undertakes toll operations, route patrolling, incident management, and asset management among others.

For FY2015-16, the company reported Profit after tax (PAT) of Rs.0.53 crore on operating income of Rs.14.71 crore as against PAT of Rs.0.62 crore on operating income of Rs.20.30 crore for FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
17 July, 2015	Cash Credit	5.00	SMERA BB-(Assigned)	-	Stable
	Bank Guarantees	2.50	-	SMERA A4+ (Assigned)	-



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ABOUT SMERA

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