

October 29, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	7.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (**read as SMERA double B minus**) and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs. 8.00 crore bank facilities of Mira Construction (MIRA). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management and established operational track record. The ratings also factor in the company's moderate financial risk profile and comfortable order book position. However, the ratings are constrained by the small scale of operations and high dependence on tender-based government orders in an intensely competitive segment of the civil construction industry. The rating also notes the partnership constitution of MIRA.

Outlook: Stable

SMERA believes the outlook on MIRA's rated facilities will remain stable over the medium term on account of its established operational track record and experienced management. The outlook may be revised to 'Positive' if the firm is able to achieve significant growth in revenue while maintaining a comfortable liquidity position and satisfactory capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure and liquidity position.

Rating Sensitivity Factors

- Scaling operations amidst intense competition while maintaining adequate profitability
- Working capital management

About the Company

MIRA, established in 1984, is a Mumbai-based partnership firm engaged in civil construction work. The firm undertakes construction repairs of schools, hospitals, roads, drains, gardens among others mainly for the Municipal Corporation of Greater Mumbai. The firm is promoted by Mr. Navinchandra T. Mehta, who has experience of over three decades in the civil construction industry.

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In FY2014-15, MIRA reported profit after tax (PAT) of Rs.1.80 crore on operating income of Rs.25.76 crore, as compared to PAT of Rs.0.40 crore on operating income of Rs.7.62 crore in the previous year. The company's net worth stood at Rs.6.16 crore as on March 31, 2015 as compared with Rs.4.54 crore a year earlier.

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