

March 28, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA BB+/Stable (Assigned)
Overdraft	2.45	SMERA BB+/Stable (Assigned)
Bank Guarantee I	3.18	SMERA A4+ (Assigned)
Bank Guarantee II	0.37	SMERA A4+ (Assigned)
Bank Guarantee III	2.70	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB+**' (read as SMERA double B plus) to the Rs.8.45 crore fund-based bank facilities and '**SMERA A4+**' (read as SMERA A four plus) to the Rs.6.25 crore non fund-based bank facilities of Mahendra Realtors and Infrastructure Private Limited (MRIPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, healthy financial risk profile marked by low gearing and comfortable coverage indicators. The ratings also draw strength from the improved working capital cycle and moderate order book position. However, the ratings are constrained by the moderate scale of operations, high dependence on government orders and susceptibility of profitability to volatility in raw material prices.

Rating Sensitivity Factors

- Increase in scale of operations while maintaining profitability
- Deterioration in the financial risk profile
- Efficient working capital cycle

Outlook: Stable

SMERA believes MRIPL will maintain a stable business profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers more than expected growth in revenues while achieving improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing pressure on margins.

About the Company

MRIPL, incorporated in 2007, is a Mumbai-based company promoted by Mr. Bhavesh Shah and Mr. Hemanshu Shah. The company undertakes contracts for BOT projects, specialised structural repair, restoration, waterproofing among others and caters to the Public Works Department, Air India, Mazgaon Dock Limited, Municipal Councils to name a few.

For 2014-15, MRIPL reported net profit after tax (PAT) of Rs.1.23 crore on operating income of Rs.42.93 core as against PAT of Rs.0.98 crore on operating income of Rs.27.29 crore. The tangible net worth stood at Rs.8.78 crore as against Rs.8.05 crore in the previous year.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

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