

Press Release

Multiurban Infra Services Private Limited

March 13, 2019



Rating Withdrawn

Total Instruments Rated*	Rs. 11.30 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB+** (**read as ACUITE double B plus**) and short term rating of '**ACUITE A4+** (**read as ACUITE A four plus**) to the Rs. 11.30 crore bank facilities of Multiurban Infra Services Private Limited (MISPL). The rating withdrawal is in accordance with the Acuité's 'policy on withdrawal of rating'.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

The Nagpur based, MISPL was incorporated in 2007 by Mr. Praveen Rander (Managing Director). The company is engaged in undertaking turnkey projects related to water supply and maintenance. MISPL operates in various states including Maharashtra, Madhya Pradesh, Uttar Pradesh, Rajasthan, Andhra Pradesh and Chhattisgarh, among others.

Analytical Approach

Acuité has considered the standalone financial and business risk profiles of MISPL to arrive at the rating.

Key Rating Drivers

Strengths:

- Established track record of operations and experienced management**

MISPL, incorporated in 2007, has an operational track record of over a decade in the infrastructure sector. The Director, Mr. Praveen Rander has experience of over a decade in the aforementioned line of business. The long track record of operations, experience of management and timely execution of projects has helped the company develop healthy relationship with its customers and suppliers.

- Healthy order book position**

The revenues of MISPL stood at Rs. 51.99 crore in FY2018 compared to Rs. 49.60 crore in FY2017. Further, in FY2019, the company has reported revenue of Rs. 52.00 crore till 15 January, 2019. The company has unexecuted order book of Rs.186.49 crore as on 31 December, 2018 expected to be executed within next three years and is in the process of finalising orders worth Rs. 213.33 crore.

- Moderate financial risk profile**

The financial risk profile of MISPL is moderate marked by moderate net worth, debt protection measures and gearing. The net worth of company is moderate at Rs.18.32 crore as on 31 March, 2018 (including Rs.5.02 crore of quasi equity) as against Rs.13.68 crore as on 31 March, 2017 (including Rs.3.05 crore of quasi equity). The gearing (debt-equity) stood at 0.55 times as on 31 March, 2018 as against 0.18 times as on 31 March, 2017. Total debt of Rs.10.16 crore as on 31 March, 2018 is working capital borrowings. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.49 times as on 31 March, 2018 as against 0.95 times as on 31 March, 2017. Interest Coverage Ratio (ICR) stood at 2.82 times in FY2018 as against 3.26 times in FY2017.

Weaknesses:

- **Moderate working capital operations**

The working capital operations are moderate marked by Gross Current Assets (GCA) of 142 days for FY2018 as against 75 days in the previous year. This is mainly due to increase in inventory of 90 days for FY2018 as against 42 days for FY2017. However, the company is able to manage its working capital cycle effectively due payments received within a week's time as most of the projects are already funded before the tender allocation with debtors of 18 days for FY2018 as against 6 days for FY2017. Further, the average cash credit limit utilisation stood at 91.75 percent during the last six months ended as on 31 December, 2018.

- **Susceptibility of margins to fluctuations in raw material prices**

The company's margins are susceptible to volatility in raw material prices (i.e. HDPE pipes and DI pipes). Adverse changes in crude oil prices will lead to fluctuation in raw material prices affecting the profitability of the company. However, the company reported EBITDA margin of 8.63 percent in FY2018 as against 7.92 percent in the previous year. PAT margin stood at 5.14 percent in FY2018 as against 5.52 percent in FY2017. However, this risk is mitigated with a price escalation clause providing cushion for increase in prices of raw material.

- **Competitive and fragmented industry**

The company is engaged as EPC contractor for drinking water supply schemes. The particular sector is marked by the presence of several mid to big size players. The company faces competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent on account of extensive experience of the management.

About the Rated Entity Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	51.99	49.60	19.03
EBITDA	Rs. Cr.	4.49	3.93	1.77
PAT	Rs. Cr.	2.67	2.74	1.04
EBITDA Margin	(%)	8.63	7.92	9.32
PAT Margin	(%)	5.14	5.52	5.49
ROCE	(%)	21.25	27.84	35.09
Total Debt/Tangible Net Worth	Times	0.55	0.18	0.65
PBDIT/Interest	Times	2.82	3.26	2.81
Total Debt/PBDIT	Times	2.04	0.57	2.10
Gross Current Assets (Days)	Days	142	75	166

Status of non-cooperation with previous CRA (if applicable):

India Ratings and Research, vide its press release dated September 20, 2018 had denoted the rating of Multiurban Infra Services Private Limited as 'IND BBB-/ A3; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Infrastructure entities-<https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition:<https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.in/criteria-complexity-levels.htm>
Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
01-Feb-2019	Cash Credit	Long Term	6.50	ACUITE BB+ / Stable (Upgraded from ACUITE BB)
	Bank Guarantee	Short Term	4.80	ACUITE A4+ (Reaffirmed)
13-Oct-2018	Cash Credit	Long Term	6.50	ACUITE BB (Indicative)
	Bank Guarantee	Short Term	4.80	ACUITE A4+ (Indicative)
17-Aug-2017	Cash Credit	Long Term	6.50	ACUITE BB (Indicative)
	Bank Guarantee	Short Term	4.80	ACUITE A4+ (Indicative)
18-May-2016	Cash Credit	Long Term	6.50	ACUITE BB / Stable (Assigned)
	Bank Guarantee	Short Term	4.80	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.50	ACUITE BB+ (Withdrawn)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.80	ACUITE A4+ (Withdrawn)

Contacts

Analytical	Rating Desk
Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Priyal Jain Analyst - Rating Operations Tel: 022-49294065 priyal.jain@acuiteratings.in	

About Acuite Ratings & Research:

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