

Press Release

Manoj Infracon Private Limited

September 04, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 12.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as SMERA BB) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs. 12.00 crore bank facilities of Manoj Infracon Private Limited. The outlook is '**Stable**'.

Manoj Infracon Private Limited (MIPL) is a Uran-based company incorporated in January, 2015 by Mr. Manohar G. Bhoir, Mr. Pratik Bhoir and Mr. Dayal G. Bhoir. In April 2015, MIPL took over the existing business of Manoj Construction Company (MCC), a proprietorship firm established in 1997 by Mr. Manohar G. Bhoir. The company executes civil construction and infrastructure development contracts in Navi Mumbai and Uran. It also constructs roads and bridges apart from undertaking subcontracts for land development work from private parties. MIPL sub-contracts around 40 percent work to third parties including local contractors. The day-to-day operations are led by Mr. Manohar G. Bhoir and Mr. Dayal G. Bhoir.

Key Rating Drivers

Strengths

• Established track record of operations and experienced promoters

The company was incorporated in 2015 to take over the assets and liabilities of Manoj Construction Company (MCC) established in 1997. MCC was engaged in civil construction in Navi Mumbai and Uran. The promoter, Mr. Manohar G. Bhoir has more than two decades of experience in the civil construction business.

• Comfortable financial riskprofile

MIPL has healthy financial risk profile marked by gearing of 0.42 times (Provisional) as on 31 March, 2017 as against 1.71 times in the previous year. The total debt of Rs. 1.88 crore as on 31 March, 2017 includes long term borrowings of Rs. 0.52 crore and short term borrowings of Rs. 0.19 crore. The interest coverage ratio stood at 13.38 times (Provisional) for FY2017 as against 12.56 times in the previous year. The total outside liabilities to tangible networth (TOL/TNW) stood at 2.17 times (Provisional) as on 31 March, 2017 as against 7.13 times in the previous year. The tangible networth of the company stood at Rs. 4.50 crore (Provisional) as on 31 March, 2017 as against Rs. 2.15 crore as on 31 March, 2016. Going forward, SMERA expects the company to maintain a comfortable financial risk profile in the absence of major debt funded capex plan.

Weaknesses

• Uneven revenue trend

MIPL has reported uneven revenue trend during the last three years as the operating income stood at Rs. 43.54 crore (Provisional) for FY2017 as against Rs. 58.32 crore for FY2016 and Rs. 29.61 crore for FY2015. The company reported significant growth in operating income in FY2015 over FY2014 due

to increase in contracts and timely execution. Further, the operations are majorly dependent on government tenders in a highly competitive and fragmented civil construction industry. Hence, the tender-based nature of operations makes it vulnerable to order cyclicity. Presently, the company has modest order book position of Rs. 51.00 crore as on 21st August, 2017 and the same is expected to be executed over the next two years.

• Geographic concentration risk

MIPL mainly executes civil construction contracts in Navi Mumbai and Uran area. Hence, the company is exposed to high geographic concentration risk.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company for arriving at the rating.

Outlook: Stable

SMERA believes that the outlook on MIPL's rated facilities will remain stable over the medium term on account of its promoter's extensive experience in the civil construction industry. The outlook may be revised to 'Positive' if the company registers higher than expected growth in revenue and profitability while maintaining a comfortable liquidity position and capital structure. Conversely, the outlook may be revised to 'Negative' in case of significant decline in cash accruals or stretched working capital cycle resulting in deterioration of its financial risk profile.

About the Rated Entity - Key Financials

In FY2016-17, MIPL reported profit after tax (PAT) of Rs. 2.35 crore (Provisional) on operating income of Rs. 43.54 crore (Provisional) as against PAT of Rs. 0.33 crore on operating income of Rs. 58.32 crore. The networth stood at Rs. 4.50 crore (Provisional) as on 31 March, 2017 as against Rs. 2.15 crore in the previous year.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Infrastructure Entities - <https://www.smera.in/criteria-infra.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*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	2.00	SMERA BB / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4+

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ABOUT SMERA

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