

Press Release

MOTILAL DHOOT INFRASTRUCTURE PRIVATE LIMITED

09 March, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA B / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 9.00 crore bank facilities of MOTILAL DHOOT INFRASTRUCTURE PRIVATE LIMITED. The outlook is '**Stable**'.

Motilal Dhoot Group started by late Shri. Motilal Dhoot to execute irrigation department and other government department projects is currently serving customers in the following sectors: infrastructure, stone crushing and ready mix concrete. The company is engaged in development of road and concrete projects in Pune primarily with Government agencies.

Key Rating Drivers

Strengths

- **Experienced management**

The company has been incorporated in 2006, the promoter late Mr. Motilal Dhoot had decades of experience in executing irrigation department and other government department projects. The company has presence in the construction segment with long standing relationship with the Government agencies.

- **Stable Revenue growth**

The company registered a revenue growth of 11.95% per cent in FY17 with revenues at Rs. 26.7cr up from Rs. 23.85cr on the back of stable orders from various Govt. departments. The operating margins of the company stood at 12.98% supported by sales of sand and metals from the quarry. The company obtains tenders from the Govt. bodies competing with 5-6 other players.

Weaknesses

- **Working capital intensive operations**

The company operations are working capital intensive with GCA of 189 days ending FY17 when compared to 129 days at the end of FY2016. The company has debtor days of 179 days and creditors of 356 days stretching the working capital cycle. Current ratio stands low at 0.87 times as on March 31, 2017 compared to 0.79 times as on March 31, 2016.

- **High competitive intensity in the industry**

Company is susceptible in profitability pricing arising from high competitive intensity amongst the players in the industry, fixed price nature of contracts as well as high fixed cost and inherent delays in the execution.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company

Outlook: Stable

SMERA believes that MDIPL will maintain a Stable outlook and continue to benefit over the medium term from its promoter's extensive industry experience. The outlook may be revised to 'Positive' if the firm is able to generate substantial and sustainable revenues or operating margins. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and debt protection metrics, a stretched working capital cycle, or significant deterioration in its capital structure.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	26.70	23.85	18.46
EBITDA	Rs. Cr.	3.47	3.10	2.86
PAT	Rs. Cr.	0.94	0.60	-0.27
EBITDA Margin	(%)	12.98	13.00	15.51
PAT Margin	(%)	3.50	2.52	-1.44
ROCE	(%)	21.51	19.33	27.35
Total Debt/Tangible Net Worth	Times	5.98	10.71	-20.56
PBDIT/Interest	Times	2.70	2.10	1.92
Total Debt/PBDIT	Times	3.25	3.40	4.18
Gross Current Assets (Days)	Days	189	129	168

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

NA

Any other information

Not Applicable

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	3.00	SMERA B / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.10	SMERA B / Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.55	SMERA B / Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.24	SMERA A4
Proposed	Not Applicable	Not Applicable	Not Applicable	1.11	SMERA B / Stable

Contacts

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 suman.chowdhury@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 varsha.bist@smera.in
Abhishek Verma Manager - Rating Operations Tel: 022-67141105	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

Disclaimer: *A 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.*

