

Press Release

Mohd Firoz Construction Co

August 22, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 8.00 crore bank facilities of Mohd Firoz Construction Co. The outlook is '**Stable**'.

Mohd Firoz Construction Company (MFCC) is a partnership firm established in 2002 by Mr. Mohd Firoz, Mr. Mohd Ovesh, Mr. Mohd Juned Raza, Mr. Mohd Mukhtar Ahmed and Smt. Halima Bai. The firm is engaged in undertaking civil construction projects which primarily involves execution of road projects in Chhattisgarh through tenders.

Key Rating Drivers

Strengths

- **Experienced management**

The partner of the firm Mr. Mohd Firoz has over a decade of experience in the civil construction industry. Acuité believes the experience of the partner will be key in driving the operations of the firm.

Weaknesses

- **Tender based nature of business**

The firm's performance is susceptible to the tender based nature of activities and intense competition among other players bidding for government contracts.

- **Small scale of operations**

The small scale of operations is marked by operating income of Rs. 26.31 crore in FY2018 (Provisional) as against Rs. 10.01 crore in FY2017. Acuité believes the ability of the firm to increase scale of operations will be a key monitorable.

Analytical Approach

Acuité has considered the standalone business and financial risk profile MFCC to arrive at the rating.

Outlook: Stable

Acuité believes that the outlook on Mohd Firoz Construction Co will remain Stable over the medium term backed by the experience of its management. The outlook may be revised to 'Positive' in case of sustained increase in operating income. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	26.31	10.01	15.33
EBITDA	Rs. Cr.	3.44	1.36	1.58
PAT	Rs. Cr.	2.75	0.62	0.93
EBITDA Margin	(%)	13.09	13.57	10.33
PAT Margin	(%)	10.45	6.19	6.08
ROCE	(%)	39.57	17.07	48.86
Total Debt/Tangible Net Worth	Times	0.55	1.37	0.83
PBDIT/Interest	Times	12.12	4.08	5.69
Total Debt/PBDIT	Times	0.91	2.58	1.38
Gross Current Assets (Days)	Days	55	115	42

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

Not Available

Any other information

Not Available

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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	ACUITE B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A4

Contacts

Analytical	Rating Desk
<p>Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-6620 1203 pooja.ghosh@acuite.in</p> <p>Shreyans Banthia Analyst - Rating Operations Tel: 022-67141128 shreyans.banthia@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

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