

Press Release

Mahesh Sunny Enterprises Private Limited

October 04, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable
Short Term Rating	ACUITE A4+

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs. 6.00 crore bank facilities of Mahesh Sunny Enterprises Private Limited (MSEPL). The outlook is '**Stable**'.

MSEPL was incorporated in 1999 by Mr. Bikram Singh and Mr. Mohinder Singh. The company is engaged in operating parking lot facilities in the airport and collection of toll fees from there. Currently, MSEPL has contracts with Mumbai airport, Chandigarh airport, Delhi cargo unit at the airport to name a few.

Analytical Approach

Acuite has considered the standalone business and financial risk profile Mahesh Sunny Enterprises Private Limited to arrive at the rating.

Key Rating Drivers:

Strengths

- **Steady revenue growth**

MSEPL registered healthy operating income growth at a CAGR of 15 percent for the period FY2016 to FY2018 (Estimated) on account of increase in airport traffic especially in the city of Mumbai. The operating income stood at Rs.65.23 crore in FY2018 (Estimated) as against Rs.59.50 crore in FY2017.

- **Healthy margins and accruals**

The company's profitability levels are healthy marked by operating margin of 12.79 percent in FY2018 (Estimated) and 11.57 percent in FY2017. The PAT margin of the company stood at 7.88 percent in FY2018 (Estimated) as compared to 7.45 percent in FY2017 which translates to healthy accruals. The net cash accruals of the company stood at Rs.5.47crore in FY2018 (Estimated) as compared to Rs.4.67crore in the preceding year.

Weaknesses

- **Tender based nature of industry**

The company operates in highly competitive industry due to presence of many organised and unorganised players. The business of the company depends upon the number of tenders floated by the government and bid success rate of the company.

- **Modest scale of operations**

The modest scale of operations is marked by operating income of Rs.65.23 crore in FY2018 (Estimated) as against Rs.59.50 crore in FY2017. Acuite believes that the ability of the company to scale up operations while maintaining profitability margins will remain a key monitorable.

Outlook: Stable

Acuite believes that the outlook on MSEPL will maintain a 'Stable' over the medium term owing to its steady growth in top line. The outlook maybe revised to 'Positive' in case the company registers consistent growth in revenues while maintaining its margins. Conversely, the outlook maybe revised to 'Negative' in case of decline in revenues or profitability.

About the Rated Entity - Key Financials

	Unit	FY18 (Estimated)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	65.23	59.50	49.43
EBITDA	Rs. Cr.	8.34	6.88	3.96
PAT	Rs. Cr.	5.14	4.43	2.09
EBITDA Margin	(%)	12.79	11.57	8.02
PAT Margin	(%)	7.88	7.45	4.22
ROCE	(%)	36.69	43.23	53.66
Total Debt/Tangible Net Worth	Times	0.20	0.03	0.11
PBDIT/Interest	Times	10.58	10.35	4.33
Total Debt/PBDIT	Times	0.53	0.08	0.34
Gross Current Assets (Days)	Days	110	91	49

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>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.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
Overdraft	Not Applicable	Not Applicable	Not Applicable	0.88	ACUITE BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	1.38	ACUITE BB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	3.74	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: 033-66201210 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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