

Press Release

ICC Infra Project India Private Limited

December 10, 2019



Rating Assigned

Total Bank Facilities Rated*	Rs.5.00 Cr.
Long Term Rating	ACUITE B/ Outlook: Stable (Assigned)
Short Term Rating	ACUITE A4 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (**read as ACUITE B**) on the Rs.5.00 crore bank facilities of ICC Infra Project India Private Limited (IIPPL). The outlook is '**Stable**'.

Indore-based, IIPPL was incorporated in 2018 by Mr. Zafar Mansoori, Mr. Ashik Mansoori and Mr. Arif Mansoori. The company is engaged in civil construction works making different types of bridges, flyovers and minor bridges etc. The company has successfully executed two projects till date for Gayatri Project Limited and Indian Construction Company. Currently IIPPL is engaged in the execution of a project in Solapur for the construction of over-bridges for Indian Railways.

Analytical Approach

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

Key Rating Drivers

Strengths

- **Experienced management**

The company is promoted by Mr. Zafar Mansoori, Mr. Ashik Mansoori and Mr. Arif Mansoori all of whom have amassed an experience of over a decade in the infrastructure industry. The promoters are backed by an equally experienced management headed by Mr. Ashwin Panchal and Mr. Manoranjan Jena with over a decade in the aforementioned industry as well.

Acuite believes the experience of the promoters will be crucial in the growth of the company in medium term.

Weaknesses

- **Below Average financial risk profile**

IIPPL has below average financial risk profile marked by low net worth, moderate debt protection metrics and high gearing. The net worth of the company stood at Rs.0.41 crore as on 31 March, 2019. The gearing level (debt-equity) stood high at 13.51 times as on 31 March, 2019 and the total debt of Rs.5.48 crore as on 31 March, 2019 consists of long term debt of Rs.1.51 crore and working capital borrowings of Rs.2.99 crore. The interest coverage ratio (ICR) stood at 1.94 times in FY2019 and NCA/TD (Net Cash Accruals to Total Debt) ratio stood at 0.03 times in FY2019 whereas Debt to EBITDA stood at 12.07 times in FY2019.

- **Working capital intensive nature of operations**

Operations of IIPPL are working capital intensive marked by Gross Current Asset (GCA) of 587 days in FY2019 on account of debtors' collection period of 148 days in FY2019 and high inventory holding period of 338 days in FY2019 as against 36 days in FY2018. Further the creditor payback period of the company stood at 587 days in FY2019. The current ratio of the company stood low at 0.97 times as on 31 March, 2019. Further the company has utilized almost 100 percent of its bank limits in the last 6 months.

• **Modest scale of operations**

IIPPL has modest scale of operations marked by revenue of Rs.3.85 crores in FY2019 due to the limited track record of operations of the company in infrastructure industry.

Rating Sensitivities

- Improvement in the scale of operations with respect to its growth in revenue; sustainability in its profitability margins
- Stretch in working capital management leading to stretch in liquidity

Material Covenants

None

Liquidity Position:

IIPPL has stretched liquidity marked by average net cash accruals against maturing debt obligations. The company generated cash accruals of Rs. 0.17 crore for FY2019 against debt obligations of Rs. 0.37 crore for the same period. The cash accruals of the company are estimated to remain in the range of around Rs. 0.88 crore to Rs. 1.98 crore during FY 2020-22 against repayment obligations of around Rs.0.36 crore to Rs. 0.38 crore. The company's working capital operations are intensive marked by gross current asset (GCA) days of 587 days for FY2019. IIPPL maintains cash and bank balances of Rs. 0.20 crore as on 31 March 2019. The current ratio stood at 0.97 times as on 31 March 2019. Further the company fully utilized its working capital limits in the last 6 months ended 30th October 2019. Acuite believes that the liquidity of the company is expected to be stretched over the medium term on account of average cash accruals to debt repayments over the medium term.

Outlook: Stable

Acuité believes that the outlook on IIPPL's facilities will remain 'Stable' over the medium term on account of experienced management. The outlook may be revised to 'Positive' if the company achieves higher than expected revenue while improving profitability and effectively managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	3.85	-
Profit after tax (PAT)	Rs. Cr.	0.04	-
PAT Margin	(%)	0.92	-
Total Debt/Tangible Net Worth	Times	13.51	-
PBDIT/Interest	Times	1.94	-

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-51.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 (Up to 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 (Assigned)

Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4 (Assigned)
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About Acuité Ratings & Research:

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