



Press Release

V M Matere Infrastructures India Private Limited

November 01, 2023

Rating Downgraded and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	127.20	ACUITE C Downgraded	-
Bank Loan Ratings	59.80	-	ACUITE A4 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	187.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE C**' (read as **ACUITE double C**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on Rs 187 crore bank loan facilities of V M Matere Infrastructures India Private Limited (VMM).

Rationale for the rating

The downgrade is on the basis of credit bureau information report about ongoing delays in their repayments and other publicly available information.

About the Company

V.M. Matere Infrastructures (India) Private Limited was established in the year 1993 as a proprietorship firm by Mr. Vishnu Mahadev Matere at Pune, Maharashtra. It was converted into a private limited company in 2007. VMM undertakes residential, commercial & industrial and civil construction, primarily related to flyovers, bridges, roads and buildings for government agencies such as the Public Works Department, Military Engineering Services and Pimpri Chinchwad Municipal Corporation (PCMC). It has completed some major reputed projects in the past for various Government bodies. The day-to-day operations are managed by Mr. Vishnu Mahadev Matere and Mr. Sindhu Vishnu Matere.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of VMM to arrive at the rating.

Key Rating Drivers

Strengths

Established track record and experienced management

V.M. Matere Infrastructures (India) Private Limited was established in the year 1993 as a proprietorship firm and then converted into a private limited company in 2007. The company is promoted by Mr. Vishnu Mahadev Matere & Sindhu Vishnu Matere who has an experience of more than a decade in the business. VMM undertakes residential, commercial & industrial and civil construction, primarily related to flyovers, bridges, roads and buildings for government agencies such as the Public Works Department, Military Engineering Services and Pimpri Chinchwad Municipal Corporation (PCMC). It has completed some major reputed projects in the past for various Government bodies. The established track record and

experience of management is also reflected through Y-o-Y growth in revenue,

Weaknesses

Delays in servicing of bank facilities availed

There have been delays in servicing of debt obligations by the company as per credit bureau information reports and other publicly available information.

Highly Competitive Industry

The infrastructure is a fairly fragmented industry with a presence of few large pan India players where subcontracting & project specific partnerships for technical/financial reasons are fairly common. The company faces stiff competition with its competitors in procuring orders through bidding, immense competition for procuring tenders leads to very competitive pricing which in turn lead to stress on the margins. Moreover, susceptibility of raw material pricing again keeps profit margin vulnerable and is a key sensitivity factor. However, presence of price escalation clause prevents the company from exposure to raw material price fluctuations to some extent.

Rating Sensitivities

- Regularization of debt servicing track record

All Covenants

None

Liquidity Position

Poor

Liquidity of the company is poor marked by delays in servicing of debt obligations towards bank loans availed by the company

Outlook: Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	214.99	191.38
PAT	Rs. Cr.	5.62	6.55
PAT Margin	(%)	2.62	3.42
Total Debt/Tangible Net Worth	Times	0.66	0.93
PBDIT/Interest	Times	2.10	2.47

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Apr 2023	Cash Credit	Long Term	8.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	4.66	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	29.80	ACUITE A4 (Assigned)
	Proposed Bank Facility	Long Term	75.29	ACUITE BB- Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	2.31	ACUITE BB- Stable (Assigned)
	Bank Guarantee	Short Term	30.00	ACUITE A4 (Assigned)
	Dropline Overdraft	Long Term	0.20	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	1.40	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	2.04	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	3.30	ACUITE BB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A4 Reaffirmed
HDFC Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	29.80	ACUITE A4 Reaffirmed
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE C Downgraded
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE C Downgraded
HDFC Bank Ltd	Not Applicable	Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	0.20	ACUITE C Downgraded
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	75.29	ACUITE C Downgraded
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.40	ACUITE C Downgraded
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.31	ACUITE C Downgraded
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.04	ACUITE C Downgraded
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.66	ACUITE C Downgraded
State Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	3.30	ACUITE C Downgraded

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Abhishek Singh Analyst-Rating Operations Tel: 022-49294065 abhishek.s@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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