



Press Release

Metcon India Realty and Infrastructure Private Limited

June 7th, 2021

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Fund Based Facility – Cash Credit	7.50	IVR BB-/Stable (IVR Double B Minus with Stable Outlook)	Assigned
2.	Short Term Non-Fund Based Facility – Bank Guarantee	35.00	IVR A4 (IVR Single A Four)	Assigned
3.	Proposed Long Term/Short Term Bank Facility	2.50	IVR BB-/Stable (IVR Double B Minus with Stable Outlook) ; IVR A4 (IVR Single A Four)	Assigned
	Total	45.00		

Ratings

Details of Facilities are in Annexure I

Detailed Rationale

The aforesaid ratings assigned to the bank facilities of Metcon India Realty and Infrastructure Private Limited (MIRIPL) derives comfort from its experienced promoters, long track record of operations with proven project execution capability, adequate size of the order book, expected reversal of declining revenue trend along with improving profitability and comfortable capital structure with debt protection metrics. However, the rating strengths are partially offset by concentrated order book position, intense competition due to tender based nature of business and working capital intensive nature of operation.

Key Rating Sensitivities

Upward Factors

- A sustained improvement in the revenue and debt protection metrics while maintaining the profitability.

Downward Factors

- Any Dip in the revenue and/or profitability leading to deterioration of debt protection metrics and/or liquidity.



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Key Rating Drivers with detailed description

Key Rating Strengths

Experienced promoters

Metcon India Realty and Infrastructure Private Limited (MIRIPL) has being promoted by Mr Ashok Mehta in 1998 as Metcon India, partnership concern which got converted into private limited company in 2010 as MIRIPL and is currently managed by Mr. Ashok Mehta (CMD), Mr Shaurya Mehta (Director), Mrs Sanjana Mehta along with Mr Jitendra Chadha and Mr Pratik Singh who all on an average has more than twenty-five years of experience in the field of civil construction services. Benefits derived from the promoter's experience along with their strong understanding of the local market dynamics, and healthy relations with customers and suppliers is expected to continue and support the business.

Long track record of operations along with proven project execution capability

Being in operation since 1998, the company has a track record of almost more than two decades. Over the past years, the company has successfully completed many projects. Company has built up a strong clientele over the years, which is constantly expanding. Some of the reputed clients served by the company are Container Corporation of India Limited (CCIL), Delhi Metro Rail Corporation Limited (DMRCL), RITES Limited, Maharashtra State Power Generation Company Limited (MSPGCL), National Projects Construction Corporation Limited (NPCCL) and many others, from whom it receives repeated orders. The company mainly bids for tenders floated by various government and is mainly engaged in EPC construction work for civil engineering which includes fabrication & erection work in the field of power, railways, land development, roads, dams, commercial complexes, real estate, etc. Moreover, the company also has also entered into Joint venture in FY22 with other construction companies to secure local and other domestic the orders.

Adequate order book size reflecting near short to medium-term revenue visibility

The company has a total unexecuted order book of ~INR142 Crore as on May, 2021 (comprising majorly of railway projects) which is about 3.64 times of its FY21 (provisional) of operating revenue (i.e. ~INR39 Crore). The completion of the projects is expected within next one-two years, indicating a satisfactory near to medium term revenue visibility.



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Expected Reversal of declining Revenue Trend

The company expects the overall operating income to grow in the next three years ended FY24 with the CAGR of ~24% with increasing order book and proven project execution capacity along with comfortable margin. However during FY21(Prov), the total operating income remained moderate at INR39.02 Crore as against INR53.73 Crore during FY20 on back of fluctuating order receipts and slower project execution during the year as per the government directives post nationwide lockdown imposed by the government owing to COVID-19 Pandemic.

Improving Profitability

The profitability margin of the company has improved on y-o-y basis with the focused approached in bidding and acquiring orders which carry relatively higher profit margins. EBITDA margin has improved and remained moderately comfortable at ~10.92% during FY21 (Prov) as compared to ~9.82% during FY20. However, the PAT margin has remained stable and stood at ~4.13% during FY21 against 4.61% during FY20.

Comfortable capital structure and debt protection metrics

The capital structure of the company remained comfortable with the overall gearing at 0.71x as on March 31, 2021 (prov.) (0.70x as on March 31, 2020). Debt protection parameters also remained comfortable with interest coverage ratio of 2.04x in FY21 and 2.22x in FY20. TOL/TNW remained moderate with unity in FY21 and 1.10x in FY20.

Key Rating Weaknesses

Concentrated Order Book

The present order book is skewed towards RITES (Rail India Technical and Economic Service) Limited and Ircon International Limited indicating a concentration risk, whereby contributing more than 75% of its outstanding orders as on May 31, 2021. However, the company has adequate experience in order to execute these projects which provides a level of comfort.



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Intense competition due to tender based nature of business

The company participates in the tender passed by the government sector companies for infra related project work. Hence, the entire business prospects are highly dependent on the government tenders. The business volume remains high in the years when there are government tenders and vice versa. The construction industry is highly fragmented in nature with presence of large number of unorganized players and a few large organized players.

Working capital-intensive nature of operation

The company has working-capital-intensive nature of operations, marked by its elongated operating cycle (FY21: 146 days and FY20: 90 days). The company's operations will remain working capital intensive over the medium term and are expected to improve once the project completion process becomes agile.

Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity – Adequate

The liquidity ratios of the company remained comfortable with current ratio at 2.55x & quick ratio at 1.95x as on March 31, 2021 (prov). The company is expected to generate sufficient cash accruals on the back of steady increase in operations as against the scheduled debt repayment. The company had cash & cash equivalents of INR 7.19 Crore as on 31 March 2021 (prov.) (FY20: INR 7.63 Crore).

About the Company-

Metcon India Reality and Infrastructure Private Limited (MIRIPL) is a civil engineering company, formerly known as METCON INDIA with its head office situated in Mumbai (Maharashtra). Metcon India initially got incorporated in 1998 as a partnership firm and later got converted into private limited company in 2010 as MIRIPL. Currently the company is a multifaceted player in infra projects with a special focus on Infrastructure Development, Railway Infrastructures, Civil Construction and Fabrication & Erection works in the field of



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Thermal Power Plants, LPG Bottling Plant, Nuclear and Wind Energy, Land Development, Bridges, Earthwork, Road, Dams, Multi-storeyed Residential and Commercial Buildings etc.

Financials: Standalone

For the year ended/ As On	31-03-2019	31-03-2020	(Rs. crore) 31-03-2021
	(Audited)	(Audited)	(Provisional)
Total Operating Income	80.50	53.73	39.02
EBITDA	5.59	5.28	4.26
PAT	2.39	2.51	1.63
Total Debt	15.57	20.59	22.05
Tangible Net-worth	26.99	29.54	31.16
Ratios			
EBITDA Margin (%)	6.94	9.82	10.92
PAT Margin (%)	2.94	4.61	4.13
Overall Gearing Ratio (x)	0.58	0.70	0.71

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: CARE Rating in its press release dated March 19, 2021 has migrated the rating of the bank facilities of Metcon India Realty and Infrastructure Private Limited to "Issuer Not Cooperating" category.

Any other information: N.A.

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Facility – Cash Credit	Long Term	7.50	IVR BB-/Stable	--	--	--
2.	Short Term Non-Fund Based Facility – Bank Guarantee	Short Term	35.00	IVR A4	--	--	--
3	Proposed Long Term/Short Term Bank Facility	Long/Short Term	2.50	IVR BB-/Stable; IVR A4	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.



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Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit	-	-	-	7.50	IVR BB-/Stable
Short Term Non-Fund Based Facility – Bank Guarantee	-	-	-	35.00	IVR A4
Proposed Long Term/Short Term Bank Facility	-	-	-	2.50	IVR BB-/Stable; IVR A4

Annexure II: Facility wise lenders details: <https://www.infomerics.com/admin/prfiles/Lenders-MIRIPL-7-06-21.pdf>