



Press Release

Hazoor Multi Projects Limited (“HMPL”)

July 16, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Proposed Cash Credit	30.00	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	--	Assigned	Simple
Short Term Non-Fund Based Bank Facility – Proposed Bank Guarantee	70.00	IVR A3 (IVR A Three)	--	Assigned	Simple
Total	100.00	(Rupees One Hundred crore only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale-

The ratings assigned to the proposed bank facilities of Hazoor Multi Projects Limited (“HMPL”) derive comfort from healthy albeit concentrated order book reflecting satisfactory revenue visibility, healthy growth in revenue & profitability and healthy capital structure and debt protection parameters. The ratings are however constrained on account of limited track record of operations, geographical concentration risk and tender-based nature of operations with intense competition in the industry. The stable outlook factors in healthy revenue visibility based on the present order book and healthy financial risk profile of the company.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Timely execution of order books without significant delays.

Downward Factors

- Moderation in scale of operations and profitability impacting the liquidity profile and cash flows of the company.
- Sharp changes in leverage leading to deterioration in debt protection metrics.



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- Stretch in the working capital cycle negatively impacting liquidity position of the company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Healthy albeit concentrated order book position**

HMPL has an unexecuted order book of Rs. 1,009 crore as on June 30, 2024 which is 2.06x of FY2024 revenue (refers to period from April 1, 2023 to March 31, 2024) (i.e. Rs. 489.85 crore) indicating revenue visibility in the near to medium term. These orders on hand are expected to be executed in the next 6-12 months. However, the projects as per order book are majorly received from and concentrated in two Government organization i.e. Maharashtra State Road Development Corporation (MSRDC) and National Highways Authority of India (NHAI).

- **Consistent growth in revenue and profitability**

HMPL's total operating income grew at a CAGR of ~173% during FY2021-FY2024 to Rs. 489.85 crore on account of receipts of major order from MSRDC. The EBIDTA and PAT of the company also grew to Rs. 69.71 crore and Rs. 54.87 crore for FY2024 respectively from Rs. 0.45 crore and Rs. 0.42 crore for FY2021. The growth in the revenues and profitability is driven by ability of the company to obtain orders.

- **Healthy capital structure and debt protection parameters**

The capital structure of the company remained comfortable over the past three financials years. The tangible net worth of the company was Rs. 22.32 crore as on March 31, 2021, which increased to Rs. 227.71 crore as on March 31, 2024. Moreover, the Overall Gearing ratio improved from 0.96x as on March 31, 2022 to 0.23x as on March 31, 2024, similarly, TOL/ATNW of HMPL improved significantly to 0.86x as on March 31, 2024 from 2.11x as on March 31, FY2023. The financial risk profile of the company remained comfortable as Total Debt to EBIDTA stood at comfortable level of 0.76x as on March 31, 2024 and the other debt protection metrics marked by DSCR and ISCR stood at a comfortable level of 191.62x and 240.86x as on March 31, 2024. The capital structure and debt protection metrics are expected to remain robust for the projected period.



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Key Rating Weaknesses

- **Limited track record of operations**

The company was initially into Real Estate and construction business but in FY2021 the company changed its line of business into business of infrastructure development executing various national highways road projects, till date the company has executed only two projects i.e. Wakan Pali highway project and Samruddhi Mahamarg expressway connecting Mumbai to Vidharbha region. The new promoter belongs to project financing background and holds limited executing infrastructure construction projects.

- **Geographical concentration risk**

The company has executed all its projects in Maharashtra region and the unexecuted order book of Rs. 1,009 crore as on June 30, 2024 is also located in Maharashtra state; hence the Maharashtra region accounts for 100% of source of revenue indicating a geographical concentration risk hence any downturn in micro market may impact the operations and cash flows of the company adversely.

- **Tender-based nature of operations with intense competition in the industry**

The company is mostly getting its orders through tenders floated by various government departments. As the infrastructure industry is highly fragmented due to presence of many organized and unorganized players tender driven nature of business leads to volatility in revenue and profitability. Further, being in infrastructure segment the company is exposed to inherent risks associated in this industry like slowdown in new order inflows, risks of delays in execution, delay in payments from the government, fluctuating input costs etc. Further, since the nature of operations is tender based, the business depends on the ability to bid for contracts successfully.

Analytical Approach: Standalone Approach



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Applicable Criteria:

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

Liquidity position of HMPL is adequate with current ratio of 2.90x as on March 31, 2024, the company is also earning a comfortable level of Net Cash Accruals (NCA) which stood at Rs. 55.17 crore for FY2024 and the same is expected to increase with increase in scale of operations and level of margin. Liquidity is expected to remain adequate marked by its expected average NCA of ~Rs.155 crores in the projected period FY25-27. This indicates an adequate degree of liquidity of the company in meeting its obligations. The company is generating sufficient cashflow from its operations, which stood at Rs. 69.61 crore for FY24. The free cash and cash equivalents as on March 31, 2024 remained at Rs. 64.73 crore.

About the Company

Incorporated in 1992, HMPL undertakes government civil infrastructure projects and has executed various projects of MSRDC, such as Samruddhi Mahamarg (Nagpur Mumbai Expressway) from Nagpur to Mumbai, Upgradation of National Highway section Wakan- Pali-Khopoli etc. The company is located in Mumbai and is held majorly by Mr. Pawan Kumar Nathmal Mallawat, Mr. Dinesh Kumar Laxminarayan Agrawal, and Mr. Akshay Pawankumar Jain who look after day-to-day operations of the company. The company is listed on BSE.



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Financials (Standalone)*:

(Rs. Crore)

For the year ended / As on	31-Mar-2023 (Audited)	31-Mar-2024 (Audited)
Total Operating Income	775.81	489.85
EBITDA	62.69	69.71
PAT	45.58	54.87
Total Debt	21.93	53.32
Tangible Net Worth	81.10	171.71
EBITDA Margin (%)	8.08	14.23
PAT Margin (%)	5.87	11.09
Interest Coverage Ratio (x)	36.68	240.86
Overall Gearing Ratio (x)	0.27	0.31

* Classification as per Infomerics standards.

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1	Fund based bank facilities – Proposed Cash Credit	Long Term	30.00	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)	--	--	--
2	Non-Fund Based Bank Facility – Proposed BG	Short Term	70.00	IVR A3 (IVR A Three)	--	--	--

Name and Contact Details of the Rating Analyst:

Name: Jyotsna Gadgil Tel: (020) 29913006 Email: jyotsna.gadgil@infomerics.com	Name: Priyesh Joshi Tel: (022) 62396023 Email: priyesh.joshi@infomerics.com
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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Fund based bank facilities – Proposed Cash Credit	--	--	--	30.00	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook)
Non-Fund based Bank Facility – Proposed Bank Guarantee	--	--	--	70.00	IVR A3 (IVR A Three)

Annexure 2: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-Hazoor-Multi-16july24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

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.