



Press Release

Metcon India Realty and Infrastructure Pvt. Ltd. (MIRIPL)

December 22, 2023

Ratings

Facilities	Amount (Rs. Crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Facility – Cash Credit	7.50	IVR BB- / Stable (IVR Double B minus with Stable Outlook)	Revised	Simple
Short Term Non-Fund Based Facility – Bank Guarantee	35.00	IVR A4 (IVR A four)	Revised	Simple
Short Term Bank Facility – Proposed	2.50	IVR A4 (IVR A four)	Revised	Simple
Total	45.00	(Rupees forty-five crore only)		

Details of facilities are in Annexure 1

Detailed Rationale

The revision in the ratings of bank facilities of MIRIPL factors in improvement in financial and operational performance in FY23 and expected improvement in the performance of the Company in FY24.

Further, the rating continues to derive strength from extensive experience of the promoters, Adequate Order Book Position Comfortable capital structure with moderate debt protection metrics. The ratings are, however, constrained by Tender driven nature of business, Concentrated Order Book, and Working capital intensive operations.



Press Release

Key Rating Sensitivities:

➤ Upward Factors

- A sustained improvement in the revenue and debt protection metrics while maintaining the profitability and credit metrics.
- Improvement in the working capital management with improvement in operating cycle and liquidity

➤ Downward Factors

- Dip in the revenue and/or profitability and/or an increase in the gross working capital cycle or concentration risk
- Moderation in the capital structure with moderation in the overall gearing along with significant or sustained deterioration in debt protection parameters and /or liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Experienced promoters

Metcon India Realty and Infrastructure Private Limited (MIRIPL) was promoted by Mr Ashok Mehta in 1998 as Metcon India, partnership concern which got converted into private limited company in 2010 as MIRIPL. The Company is currently managed by Mr. Ashok Mehta (CMD), Mrs. Rakshita Mehta (MD), 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 promoters' 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.

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

The company has a total unexecuted order book of Rs. 73.86 crore as of November 2023 which is about 1.23 times of its FY23 operating income. The completion of the projects is expected within next 12-36 months, indicating a satisfactory near to medium term revenue visibility.

Comfortable capital structure with moderate debt protection metrics



Press Release

The financial risk profile of the company is marked by moderate capital structure and debt protection metrics. MIRIPL's TOL/TNW net adjusted stood at 0.81x as on March 31, 2023 (1.07x as on March 31, 2022) due to increase in Adjusted tangible net worth. Further, overall gearing net adjusted stood at 0.50x as on March 31, 2023 (0.59x as on March 31, 2022). The debt protection metrics also remained moderate with Interest coverage ratio of 2.32x in FY23 (1.93x in FY22) due to increase in EBITDA in absolute terms in FY23. Going forward, total debt to GCA Stood at 11.68x as on March 31, 2023 (12.99x as on March 31, 2022) due to decrease in total debt in FY23.

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. However, the company has adequate experience of executing these projects and getting repetitive orders which provides a level of comfort.

Tender driven nature of business with highly competitive intensity

The company participates in the tender passed by the government and private sector companies for infra related project work. Hence, the entire business prospects are highly dependent on the government and private 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 the presence of large number of unorganized players and a few large, organized players.

Working capital-intensive operations

The average utilisation of its working capital facilities is ~86.97% in 12 months ended October 2023, giving it moderate buffer period. The operating cycle was of around 85 days FY23 (95 days in FY22). The company maintains an average inventory of around 77 to 90 days for smooth running of operations. Its average collection period remained at 39 days in FY23 (38 days in FY22), while the average creditor days remained at 30 days in FY23 (35 days in FY22).

Analytical Approach: Standalone

Applicable Criteria:

1. [Criteria on Default Recognition](#)



Press Release

2. [Criteria of assigning Rating Outlook](#)
3. [Rating Methodology for Infrastructure Companies](#)
4. [Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Adequate

MIRIPL's liquidity position remained adequate marked by current ratio of 2.26x as on March 31, 2023 (2.03x as March 31, 2022). Gross cash accruals stood at Rs. 1.46 crore in FY23 (Rs. 1.46 crore in FY22). The company's cash accruals are sufficient to meet its repayments in FY24-26. The average utilisation of its working capital facilities is ~86.97% in 12 months ended October 2023, giving it moderate buffer period.

About the Company

Metcon India Realty & 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 as a partnership firm 1998 and later got converted into private limited company in 2010. The company's business is driven by tender based model wherein 99% of the projects in MIRIPL portfolio consist of governmental projects. The Company is in the business of Infrastructure Development, Railway Infrastructures, Civil Construction and Fabrication & Erection works in the field of Thermal Power Plants, LPG Bottling Plant, Nuclear and Wind Energy, Land Development, Bridges, Earthwork, Road, Dams, Multi-storeyed Residential and Commercial Buildings etc. The CMD of the company Mr Ashok Mehta carries more than three decades of experience in this civil construction industry which has given overall competitive edge to the company.

Financials (Standalone):

(INR Crore)		
For the year ended* As on	31-03-2022	31-03-2023



Press Release

	Audited	Audited
Total Operating Income	55.51	60.09
EBITDA	3.18	3.66
PAT	0.86	0.90
Total Debt	18.97	17.06
Tangible Net Worth (Book TNW)	31.54	32.45
Tangible Net Worth (Net Adjusted)	30.33	33.41
Ratios		
EBITDA Margin (%)	5.73	6.09
PAT Margin (%)	1.53	1.49
Overall Gearing Ratio (x)	0.59	0.48

**Classification as per Infomerics' standards*

Status of Non-cooperation with previous CRA:

Facilities / Instruments	Amount (Rs. crore)	Rating	Last Financials Considered	Date of Last Press Release
Long Term	7.00	CARE B+/Stable (INC)	FY21-FY22	June 22, 2023
Short Term	39.00	CARE A4 (INC)		

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Instrument /Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	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
					Oct 9, 2023	Aug 30, 2022	Sep 4, 2020
3	Fund Based Bank Facilities – Cash Credit	Long Term	7.00	IVR BB- / Stable	IVR B+ / Negative (INC)	IVR BB- / Stable	IVR BB- / Stable
4	Non-Fund Based Bank Facilities – Bank Guarantee	Short Term	35.00	IVR A4	IVR A4 (INC)	IVR A4	IVR A4
5	Proposed	Short Term	2.50	IVR A4	IVR A4 (INC)	IVR A4	IVR A4

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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.



Press Release

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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
Cash Credit	--	--	--	7.50	IVR BB- / Stable
Bank Guarantee	--	--	--	35.00	IVR A4
Proposed	--	--	--	2.50	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Metcon-dec23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

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 <https://www.infomerics.com/>.