



## Press Release

### Millennium Infra & Realty Projects Private Limited

December 23, 2022

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a> (Simple / High / Complex)
Long Term Fund Based Bank Facilities	28.00	IVR BB+ (Outlook: Stable) [IVR Double B Plus with Stable Outlook]	Assigned	Simple
Short Term Non-Fund Based Bank Facilities	22.00	IVR A4+ [IVR A Four Plus]	Assigned	Simple
<b>Total</b>	<b>50.00</b>	<b>INR Fifty Crores Only</b>		

#### Detailed Rationale

The rating assigned to Millennium Infra & Realty Projects Private Limited factors in the strength from the extensive experience of the promoters in the civil construction industry and an improved financial risk profile of the company.

The ratings also draw strength from a healthy order book position providing medium term revenue visibility. These strengths are partially offset by the modest scale of operations and its susceptibility to tender-based operations.

#### Key Rating Sensitivities:

##### Upward Factors

- Increase in order book and timely execution of the same
- Substantial and sustained growth in operating income and improvement in profitability

##### Downward Factors

- Decline in operating income and profitability.
- Substantial decline in execution of work orders



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced Promoters in infrastructure sector** – Millenium Infra & Realty Projects Pvt Ltd is a Telangana based Infrastructure Company promoted by Mr. Sanjeet Kumar Sharma and Mr. Janeshwar Pandey who are second generation in its business and have over three decades of experience in the infrastructure industry. The company is well supported by second line of management. The extensive experience of the promoters and established presence in the said industry has helped to maintain regular flow of orders.
- **Healthy Order book** - The company has an unexecuted order book position Rs. 908.03 Crore, thereby, giving medium term revenue visibility. However, the same is concentrated towards contracts from state government departments. Going forward, materialization of the bided contracts and win of new contracts will be crucial for the company.
- **Improved financial risk profile** - The total operating income improved to Rs. 101.95 Cr. in FY22 from that of Rs. 9.00 Cr. in FY21. Simultaneously, the EBITDA of the company improved to Rs 10.80 Cr in FY22 from Rs 1.51 Cr in FY21 and the PAT of the company stands improved to Rs 6.44 Crs in FY22 from Rs 0.41 Crs in FY21. The company has achieved revenues in tune of Rs 100crs for a period from April 22 to November 22 as informed by the management of the company.
- **Comfortable capital structure and debt protection metrics** - The capital structure marked by an overall gearing improved and stood at 0.43 times as on March 31, 2022, as against 1.19 times as on March 31, 2021, owing to higher accretion of profits to reserves due to improved profitability. The net worth of the company stood at Rs.11.77 crore in FY 2022 as compared to Rs. 5.33 crore in FY2021. Interest service coverage ratio (ISCR) is healthy and stood 8.48 times in FY2022 as against



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2.48 times in FY 2021. The debt service coverage ratio (DSCR) of the company also stood healthy at 6.59 times in FY2022 as compared to 2.27 times in the previous year.

### Key Rating Weaknesses

- **Exposure to competitive segment and Inherent risk in nature of business -**  
Intense rivalry, many participants, and low entry barriers are characteristics of the industry. For government agencies, the corporation builds roads as part of its operations. Additionally, the fierce competition in this market may lead to aggressive project bidding, which would affect the company's profit margins. The primary business risks faced by the corporation in the sector include economic fragility, regulatory risks in developing markets, delays in government payments, project execution risk, and variable input costs.
- **Tender-based nature of operations with intense competition in the industry -**  
The domestic infrastructure/construction market is extremely competitive, with many competitors of all sizes and skill levels present. Additionally, the company derives 90% of its work orders from government departments via tenders put forth by the departments and based on its success in winning these tenders amid fierce pricing competition. Due to the competitive nature of the industry, the company's profit margin may be under pressure. However, reassurance is provided by the promoters' lengthy career

**Analytical Approach:** Standalone

### Applicable Criteria

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria Of Assigning Rating Outlook](#)



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### **Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate characterized by sufficient cushion in its gross cash accruals of Rs. 7.12 Cr. The current and quick ratios remained adequate at 1.55X and 1.49X respectively as on March 31, 2022. The average fund based working capital utilization of the company remained high at ~90% for the past 12 months period ended September 2022 indicating low liquidity cushion. However, the company's free cash and bank balance have been moderate at Rs. 12.44 Crore as of 31<sup>st</sup> March 2022

### **About the Company**

Millennium Infra and Realty Projects Pvt Ltd. (MIRPPL), operates in different sectors including construction of Roadway, Railway, Water Supply, Power, Real estate and Consultancy. Currently, the company caters to construction solutions to Roads, Buildings, and Bridges, Dams & Irrigation projects. It executes projects for both Government and private clients pan-India. The company has considerable reliance on government contracts for construction of new roads & repairing of the existing roads for the various state departments

### **Financials (Standalone):**

For the year ended* / As On	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	9.00	101.95
EBITDA	1.51	10.80
PAT	0.41	6.44
Total Debt	6.32	5.08
Tangible Networth (Adjusted)	5.33	11.77
<b>Ratios</b>		
EBITDA Margin (%)	16.81	10.60
PAT Margin (%)	4.58	6.32
Overall Gearing Ratio (X)	1.19	0.43



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Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	2021-22	2020-21	2019-20
1.	Fund Based	Long Term	28.00	IVR BB+ (Outlook: Stable)	NA	NA	NA
2.	Non-Fund Based	Short Term	22.00	IVR A4+	NA	NA	NA
	<b>Total*</b>		<b>50.00</b>				

*\*Details in Annexure I*

### Name and Contact Details of the Rating Analyst:

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India 6 registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://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
Long Term Fund Based Bank Facilities - <b>Cash Credit</b>	-	-	-	11.00	IVR BB+ (Outlook:Stable) [IVR Double B Plus with Stable Outlook]
Long Term Fund Based Bank Facilities - <b>Proposed Cash Credit</b>	-	-	-	17.00	
Short Term Non Fund Based Bank Facilities - <b>Bank Guarantee</b>	-	-	-	7.00	IVR A4+ [IVR A Four Plus]
Short Term Non Fund Based Bank Facilities - <b>Proposed Bank Guarantee</b>	-	-	-	15.00	

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Millennium-dec22.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** The Terms of sanction include standard covenants normally stipulated for such facilities.

**Annexure 5: Complexity level of the rated Instruments/Facilities: NA**

**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 <http://www.infomerics.com>