



## Press Release

**M/s M. T. Patil Builders & Contractors Private Limited**

**October 14, 2021**

### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Ratings</b>	<b>Rating Action</b>
Long Term Bank Facilities	10.40	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Assigned
Short Term Bank Facilities	16.50	IVR A4+ (IVR A Four Plus)	Assigned
<b>Total</b>	<b>26.90</b> <b>(Rupees Twenty-Six Crore and Ninety Lakhs only)</b>		

**Details of Facilities are in Annexure 1**

### **Detailed Rationale**

The rating assigned to the bank facilities of M/s M. T. Patil Builders & Contractors Private Limited derives strength from the Experienced Promoters in infrastructure sector, Healthy Order book and Moderate financial risk profile. The rating is however constrained by Geographical concentration risk, Exposure to competitive segment and Inherent risk in nature of business

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial and sustained growth in operating income and improvement in profitability.
- Improvements in the order book position of the company.

#### **Downward Factors**

- Deterioration in working capital cycle and liquidity profile of the company.
- Substantial decline in profitability impacting debt protection matrix and liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

**Experienced Promoters in infrastructure sector**



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M. T. Patil Builders & Contractors Pvt. Ltd. is a Nashik based Infrastructure Company promoted by Mr. Avinash Patil and Mr. Ranjit Patil 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.161.78 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.

### **Moderate financial risk profile**

In FY21 (Prov.) the Total Operating income increased to Rs.66.11Crore, the company's GCA stood at Rs. 10.96 Crore as against Principal and Interest repayments of Rs. 0.85 Crore, TOL/TNW stood at 0.45x and Total Debt by EBITDA stood low at 0.01x. Operating cycle of company stood comfortable at 26 day with gross current asset at 68 days in FY21 (Prov.) The debt protection indicators of the company like interest coverage are healthy at 14.96x and DSCR of 13.93 times in in FY21 (Prov.).

### **Key Rating Weaknesses**

#### **Geographical concentration risk**

With all the ongoing projects being executed in the state of Maharashtra mainly in the region of Nashik and Ahmednagar. The present order book is skewed towards road construction and maintenance work in the said regions from various government departments indicating a geographical and sectoral concentration risk.

#### **Exposure to competitive segment**

The sector is marked by intense competition with many players and has low entry barriers. The company is engaged in the business of road infrastructure work for government



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departments. Furthermore, the highly competitive intensity in this segment might result in aggressive bidding for the projects, thereby impacting profitability margins of the company.

### **Inherent risk in nature of business**

Economic vulnerability and regulatory risks in developing markets, delay in payments from the Government, project execution risk and fluctuating input costs are the key business risk faced by the company in the sector.

**Analytical Approach:** Standalone financials

### **Applicable Criteria:**

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-Financial Sector)

### **Liquidity –Adequate**

The liquidity position of the company is expected to remain adequate characterized by sufficient cushion in its gross cash accruals (Rs.12.06 Crore in FY21 -Prov.). The current and quick ratios remained adequate at 1.75x and 1.65x respectively as on March 31, 2021. The average working capital utilization of the company remained moderate at ~66% for the past 12 months period ended June 2021 indicating adequate liquidity cushion. However, the company's free cash and bank balance have been low at Rs. 0.23 Crore as of March 2021.

### **About the Company:**

The company is into diverse market segments, specializing in construction of roads, buildings, bridges, dam and irrigation projects. The company provides services to its clients like Bituminous testing, natural stone testing concrete testing and soil testing.

The company mostly focuses on undertaking the government contracts for construction of new roads & repairing of the existing roads (bituminous & concrete roads) for the various departments of Maharashtra like PWD Nashik Division, NHAI road construction division, Nashik Municipal Construction, PMGSY, PWD Amalner, PWD Nagar etc along with many private contracts.



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### Financials (Standalone):

For the year ended / As on	31-Mar-20 (A)	31-Mar-21 (P)
Total Operating Income	64.31	66.11
EBITDA	13.57	12.68
PAT	11.07	10.16
Total Debt	6.86	0.11
Tangible Net Worth	31.89	42.54
EBITDA Margin (%)	21.10	19.18
PAT Margin (%)	17.03	15.32
Overall Gearing ratio (x)	0.22	0.00

\* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

### Any other information:

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (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.	Term Loan	Long-term	1.90	IVR BB+/Stable	-	-	-
2.	Cash Credit	Long-term	8.50	IVR BB+/Stable	-	-	-
3.	Overdraft	Short-term	1.50	IVR A4+	-	-	-
4.	Bank guarantee	Short-term	15.00	IVR A4+	-	-	-

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### About Infomerics:

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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually



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widening its product portfolio. 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 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	March-2025	1.90	IVR BB+/ Stable
Cash Credit	-	-	-	8.50	IVR BB+/ Stable
Overdraft	-	-	-	1.50	IVR A4+
Bank guarantee	-	-	-	15.00	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/MT-Patil-Builders-lenders-oct21.pdf>

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

### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1	Term Loan	Simple
2	Cash Credit	Simple
3	Overdraft	Simple
4	Bank guarantee	Simple

**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](http://www.infomerics.com).