

## ANNEXURE-I

### Brief Rationale

#### CARE revises ratings assigned to Bank Facilities of Man Infraconstruction Limited

#### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term fund based bank facilities	57.50	CARE BBB+ [Triple B Plus]	Revised from CARE A- [Single A Minus]
Long/Short-term non-fund based bank facilities	188.18	CARE BBB+/CARE A2 [Triple B Plus/A Two]	Revised from CARE A-/CARE A2+ [Single A-Minus/A Two Plus]
Total	245.68 (Rupees Two hundred and forty five crore and sixty eight lakhs only)		

#### Rating Rationale

The revision in ratings assigned to bank facilities of MIL is on account of subdued operating performance in FY16 (refers to period April 01 to March 31) resulting in weakening of debt protection indicators in FY16. Profit After Tax (PAT) dipped by 72% from Rs. 47.41 crore in FY15 to Rs. 13.26 crore in FY16. Total Debt to Gross Cash Accruals increased from 2.91 times as on March 31, 2015 to 17.15 times as on March 31, 2016.

MIL (through its associates & subsidiaries) during FY16 & Q1FY17 (refers to period April 01 to June 30) ventured into real estate sector as developer and procured fixed price port engineering procurement construction (EPC) order. These projects being at nascent stage expose company's operational performance to high project execution risk.

The ratings continue to derive strength from well-established and experienced promoters having proven track record in execution of EPC orders in real estate & infrastructure segment, and moderate capital structure. The ratings also consider the free cash and cash equivalent amounting to approximately Rs. 242 crore as on June 30, 2016 providing liquidity comfort in short term.

<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

MIL's ability to improve profitability, debt protection metrics and execute real estate projects & port order (through its subsidiaries/associate companies) in a timely manner would be key rating monitorable.


### **Background**

Man Infraconstruction Limited (MIL), incorporated on August 16, 2002, is into EPC of residential and commercial real estate segment. The company, promoted by Mr. Parag Shah, has executed some of significant infrastructure projects in real estate and port projects. The clientele of the company comprises major real estate developers from whom it has been receiving repeat orders. MIL has also entered into Memorandum of Understanding (MoU) with Sezai Turkes and Feyzi Akkaya (STFA) based in Turkey which a multinational infra-construction contractor specializing in port and marine construction. MIL has ventured into real estate projects as a developer. The company, through its associates/subsidiaries is currently developing approximately 5 million square feet of saleable area in and around Mumbai. These projects are executed through its subsidiaries/associate companies, which in turn entered into Development agreement with land owners/tenants.

At consolidated level, the company reported Profit After Tax (PAT) of Rs.13.26 crore on Total Operating Income (TOI) of Rs. 262.87 crore in FY16 (refers to period April 01 to March 31) as compared to PAT of Rs. 47.41 crore on TOI of Rs. 320.30 crore in FY15.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.