

**Rating Rationale**

**Marshal Infradevelopers India Pvt Ltd**

**26 Dec 2018**

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 12.64 Crores of Marshal Infradevelopers India Pvt Ltd.**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (1 December, 2017)	Present
<b>Fund based Overdraft</b>	<b>4.50</b>	<b>4.50</b>	<b>Long Term</b>	<b>BWR BB (Pronounced as BWR Double B) Outlook: Stable</b>	<b>BWR B+ (Pronounced as BWR Single B Plus) Downgrade Outlook: Stable</b>
<b>Non Fund Based Bank Guarantee</b>	<b>8.14</b>	<b>8.14</b>	<b>Short Term</b>	<b>BWR A4 (Pronounced as BWR A Four) Outlook: Stable</b>	<b>BWR A4 (Pronounced as BWR A Four) Outlook.: Stable Reaffirmed</b>
<b>Total</b>	<b>12.64</b>	<b>12.64</b>	<b>INR Twelve Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

**Ratings: Downgraded/Reaffirmed**

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR principally relied upon audited upto FY18, select data for CFY19, publicly available information and information/clarifications provided by the management. The ratings draw comfort from experienced promoters, moderate profitability margins and moderate debt protection metrics. The ratings, however are constrained by risk associated with tender based business and information risk.

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Going forward, The ability of the Company to improve its scale of operations, achievement of projections, sustaining profitability margins, improvement in liquidity, improving gearing level, working capital efficiency & managing cash flow would be key rating sensitivities.

### **Description of Key Rating Drivers**

#### **Credit Strengths:**

- ***Experienced Promoters:*** The Promoters and Directors have more than a decade of experience in the same line of business and have gained thorough knowledge of the market.
- ***Moderate Profitability Margins:*** For FY18, Operating margins and PAT margins was 13.86% and 2.74% respectively are considered moderate.
- ***Moderate Debt Protection Metrics:*** Coverage ratios such as DSCR and ISCR was 1.70X and 1.97X respectively during FY18 which are also considered to be at moderate level.

#### **Credit Risks:**

- ***Risk Associated with Tender Based Business:*** Company is exposed to inherent risks associated with tender based business such as competitive bidding which clearly reflects in top line of the entity as revenue recorded during FY16 was Rs 42.05 Cr as against Rs 16.43 Cr for FY17 and Rs 16.77 Cr for FY18. Delayed payments, sudden government policy changes and geographical concentration of revenue as it undertakes contract in the state of Haryana only are some of the challenges for the business.
- ***Information Risk:*** Initial Rating was assigned on 01/12/2017 and at the time of initial rating client provided us the audited financials of FY18 which are found to be not matching with the information provided now at the time of surveillance. As such there is Information Risk for BWR, as the information/documents supplied by the client is factored in while deciding the ratings.

### **Liquidity Position**

During FY18, Liquidity position seems to be stretched as working capital limits are fully utilized and elongated conversion cycle of 136 days reported owing to high inventory days.

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

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**Rating Outlook: *Stable***

BWR believes the **Marshal Infradevelopers India Pvt Ltd** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show declining trend.

**About the Company**

Incorporated in the year 2010, Marshal Infradevelopers India Pvt Ltd (MIPL) undertakes government contracts in Haryana for road work, road concrete structure and earthwork.

Presently, Mr Vikram Singh and Mr Raghuvinder Singh are directors in the company and look after day to day operations of the company.

**Company Financial Performance**

(Financial information of latest two financial years to be given along with key performance indicators)

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs Cr	16.77	16.43
EBITDA	Rs Cr	2.32	2.68
PAT	Rs Cr	0.46	0.45
Tangible Net worth	Rs Cr	7.84	7.38
TOI/TNW	Times	0.82	1.05
Current Ratio	Times	2.05	1.83

**Rating History for the last three years**

Instrument /Facility	Current Rating (2018)			Rating History		
	Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	1 December, 2017	2016	2015
<b>Fund Based Overdraft</b>	Long Term	4.50	<b>BWR B+ Outlook: Stable Downgrade</b>	<b>BWR BB Outlook: Stable</b>	NA	NA
<b>Non Fund Based Bank Guarantee</b>	Short Term	8.14	<b>BWR A4 Reaffirmed</b>	<b>BWR A4</b>	NA	NA
<b>Total</b>		<b>12.64</b>	<b>₹ Twelve Crores Sixty Four Lakh Only</b>			

Status of non-cooperation with previous CRA (if applicable)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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For any other criteria obtain hyperlinks from website

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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.