

Multi Infratech Private Limited

October 19, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	16.50	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BBB-; Stable (Triple B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	12.00	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Revised from CARE A3 (A Three) and moved to ISSUER NOT COOPERATING category
Total Bank Facilities	28.50 (₹ Twenty-Eight Core and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE has been seeking information from Multi Infratech Private Limited to monitor the rating vide e-mail communications dated September 22, 2022, September 23, 2022, September 26, 2022 and numerous phone calls etc., However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Multi Infratech Private Limited now be denoted as CARE BB+ Stable/CARE A4+; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised by considering non-availability of requisite information due to non-corporation by Multi Infratech Private Limited with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

Key rating strengths

Experienced Promoters with established track record: The company belongs to the Multicolor group which is promoted by Mr. Rajesh Gupta, Mr. Ashish Gupta, and Mr. Deep Gupta who have over 15 years of experience in the industry. The promoters also have experience in manufacturing of metal building products through group company Multicolor Steels (India) Private Limited (MSIPL), which has over 29 established brands including Multi-Seam, Multi-Lok, Multi-clad, Multi-safewall, Multi-Zip, etc.

MIPL specializes in the field of metal roofing and wall cladding systems, installation of pre-engineered and pre-fabricated metal building structures and color coated sheets. MIPL has installed about 7 million square metre of roofing in over 500 projects all over India. The company entered into Limca Book of Records in 2016 for fabrication and installation of longest single length steel roof sheet measuring 164.20 meters at new airport terminal of Vadodara Airport.

Reputed client base with moderate order book position: The client profile of MIPL is strong and includes reputed players like Tata Steel Limited, SMCC etc. MIPL has established its relationship with its clients over the years by providing quality products and services and customised solutions. The company has a dedicated marketing team of 10 members headed by Mr. Rajesh Gupta, MD and a branch network of 15 offices spread across India. Leveraging its brand value in the industry, the company is able to garner repeated orders from its clients.

Modest scale of operations: The total operating income of MIPL moderated to Rs 56.69 cr during FY21 (PY: Rs 128.75 cr) mainly on account of low order execution and low sales from trading of pre-engineered buildings due to lockdown taking place in March, 2020 due to spread of corona virus. The company has achieved total operating income of Rs. 52.97 crores till 9MFY22 (refers to the period April 01 to December 31, 2021; based on provisional results). The profitability margins of the company declined as marked by PBILDT and PAT margin of 3.03% and 0.42% respectively in FY21 as against 3.55% and 2.01% in FY20 on account of decline in the sales and stable finance cost.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Healthy financial risk profile: The capital structure improved though continues to remain comfortable as marked by overall gearing ratio of 0.23x as on the balance sheet date of FY21 as against 0.41x as on the balance sheet date of FY20. The decline in gearing was mainly due to lower utilization of working capital limits and cheque issued but not presented of Rs.3.99cr as on March 31, 2021. Interest coverage during FY21 deteriorated, with PBILDT interest coverage at 2.84x (PY:6.63x), on account of lower PBILDT due to decline in scale of operations. Total debt to GCA deteriorated at 5.83x during FY21 (PY: 3.10x) mainly due to decline in the gross cash accruals of the company. Further, MIPL does not have any long-term loan from banks apart from loans and advances from related parties, mainly directors and family members.

Key rating weaknesses

Working capital intensive nature of operations: MIPL's operations are working capital intensive in nature. The company purchases raw materials which include insulated sandwich panels, steel decking profiles, etc from its suppliers which are either based on advances payment or against credit period of 30-90 days, bringing average creditors period to 85 days for FY21 (PY: 53 days). MIPL extends credit period of around 2-3 months to its customers, however, some orders are also based on advance payment. Thus, average collection period for FY21 stood at 189 days (PY: 95 days).

Susceptibility of profitability margins to fluctuation in raw material prices: The major raw material used in insulated sandwich panels, steel decking profiles etc. is steel. The steel prices are volatile in nature and the same are driven by the global prices and are also dominated by the demand supply scenario prevailing on a particular day. Hence, profitability of the company can be impacted with adverse movement in raw material prices which it may not be able to pass on entirely to its clients, owing to competition pressure and no escalation clause in its contracts with clients.

Client Concentration Risk: MIPL is exposed to client concentration risk. In FY21, top 5 customers contributed 67% of total operating income. As per the order book as on March 10, 2022, the concentration risk continues to exist.

Intense competition in the industry: Indian PEB segment is highly competitive with presence of large number of players, including established players like Kirby Building Systems India Pvt. Ltd, Kirby Building Systems India (Uttaranchal) Private Ltd, Everest Industries Limited, Interarch Building Products Pvt Ltd etc. Some of these entrants have inked either JV or technical support agreement with foreign players.

Liquidity: Adequate

The liquidity profile of MIPL is marked by moderate current ratio of 1.90x as on March 31, 2021 (PY: 1.51x). The company had cash and cash equivalents as on March 31, 2021 of Rs 1.93 cr (PY: Rs.5.10 crore) of which free cash and cash equivalents stood at Rs 0.03cr (PY: Rs 0.96cr). Average fund-based utilization for trailing 12 months ended February, 2022 stood around 75% and average non-fund-based utilization for trailing 12 months ended February, 2022 remained around 80%. The company does not have any scheduled term loan repayments and capex plans. Company has not availed any moratorium and GECL as provided by the banks under RBI guidelines for COVID 19 pandemic.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

About the company

Multi Infratech Private Limited (MIPL) was originally incorporated as Multicolor Steels Private Limited on January 12, 1993; the name was changed to the present one with effect from May 3, 2010. MIPL specializes in installation of metal roofing and wall cladding systems. The company is also involved into erection and trading of pre-engineered metal building (PEB) structures and portable buildings. The company belongs to Multicolor group which is promoted by Mr. Rajesh Gupta, Mr. Ashish Gupta, and Mr. Deep Gupta who have over 15 years of experience in the industry.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022	6MFY23
Total operating income	56.69	NA	NA
PBILDT	1.72	NA	NA
PAT	0.24	NA	NA
Overall gearing (times)	0.23	NA	NA
Interest coverage (times)	2.84	NA	NA

A: Audited, NA: Not Available

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	13.50	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC		-	-	-	12.00	CARE A4+; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	3.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (25-Mar-22)	1)CARE BBB-; Stable (30-Mar-21)	1)CARE BBB-; Stable (23-Mar-20)
2	Non-fund-based - ST-BG/LC	ST	12.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (25-Mar-22)	1)CARE A3 (30-Mar-21)	1)CARE A3 (23-Mar-20)
3	Non-fund-based - LT-Bank Guarantee	LT	13.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (25-Mar-22)	1)CARE BBB-; Stable (30-Mar-21)	1)CARE BBB-; Stable (23-Mar-20)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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