APRIL 21, 2016

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF MAN INFRACONSTRUCTION LIMITED

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term fund based bank	57.50	CARE A- [Single A Minus]	Reaffirmed
Long/Short-term non-fund based bank	188.18	CARE A-/CARE A2+ [Single A-Minus/A Two Plus]	Reaffirmed
Total	**245.68 (Rupees Two hundred and forty five crore and sixty eight lakhs only)**		

Rating Rationale

The reaffirmation of ratings assigned to bank facilities of Man Infraconstruction Limited (MIL) continues to derive strength from well-established and experienced promoters having proven track record in execution of Engineering Procurement Construction (EPC) orders in real estate segment, sound financial risk profile with comfortable debt coverage indicators.

However, the rating strengths continue to be tempered by moderate order-book position providing only short-term revenue visibility and inherent risk associated with execution of EPC orders in real estate segment and infrastructure projects.

The rating also considers that the company has ventured into real estate sector as developer in Mumbai region, and the susceptibility to inherent risks associated with the cyclicality of the real estate sector.

MIL's ability to achieve envisaged revenue and operating margins and maintain the favourable capital structure would remain key rating sensitivities. In addition, ability of MIL (through its subsidiaries/associate companies) to execute real estate projects in a timely manner, garner envisaged sales and improve collection efficiency would be key rating monitorables.

Background

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 like first premier private port project for Nhava Sheva International Container Terminal at Jawaharlal Nehru Port Terminal, Navi Mumbai in 1997.

MIL has now ventured into real estate projects as a developer. 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. 48.68 crore on Total Operating Income (TOI) of Rs. 320.30 crore in FY15 (refers to period April 01 to March 31) as compared to PAT of Rs. 30.70 crore on TOI of Rs. 442.41crore in FY14. Further, the company reported PAT of Rs. 9.44 crore on TOI of Rs. 192.52 crore in 9MFY16 (refers to period April 01 to December 31) as compared to PAT of Rs. 45.54 crore on TOI of Rs. 278.21 crore in 9MFY15.

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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****For detailedRationale Report and subscription information, please contact us at www.careratings.com**

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