

Press Release

MIURA INFRASTRUCTURE PRIVATE LIMITED

November 03, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 27.00 Cr.
Long Term Rating	SMERA BBB- / Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs. 27.00 crore bank facilities of MIURA INFRASTRUCTURE PRIVATE LIMITED. The outlook is '**Stable**'.

Miura Infrastructure Private Limited (MIPL) was established in 2005 by Mr. Gaurav Himatsingka. The company is engaged in the fabrication and erection of steel structures and machine equipments in India and overseas. The fabrication facility is located at Bhilai, Chhattisgarh. The day-to-day operations are led by Directors, Mr. Gaurav Himatsingka and Mr. Vivek Himatsingka.

Key Rating Drivers

Strengths

- **Experienced management**

The promoter, Mr. Gaurav Himatsingka has experience of more than a decade in the steel fabrication industry. Over the years, he has been able to maintain comfortable relationships with key suppliers and customers.

- **Established market position and reputed clientele**

Over the years, MIPL has established relations with reputed Engineering Procurement Construction (EPC) contractors in the industry - Larsen & Toubro Limited, Thermax Limited, Bharat Heavy Electricals Limited among others.

- **Average financial riskprofile**

The financial risk profile of the company is average marked by modest networth, gearing and healthy debt protection metrics. The networth levels stood at around Rs.12.86 crore in FY2017 compared to Rs.10.79 crore in FY2016, mainly on account of retention of profit. The debt equity stood at a moderate 1.19 times in FY2017 as against 1.66 times in FY2016, due to repayment of long term debt. The interest coverage ratio of the company stood at 3.72 times in FY2017 as against 2.99 times in the previous year. The Net cash accrual to total debt stands at a comfortable 0.27 times and the debt service coverage ratio at 2.31 times in FY2017.

Weaknesses

- **Modest scale ofoperations**

The scale of operations is modest marked by revenue of Rs.52.59 crore in FY2017 as against Rs. 45.39 crore in FY2016. The revenue for 5MFY 2017 stood at Rs.17.47 crore (Provisional). Moreover, the company has an order book position of Rs.35.68 crore as on 31 Aug, 2017 to be executed by March 2018 which lends moderate revenue visibility over the medium term.

- **Working capital intensiveoperations**

The operations are working capital intensive marked by high gross current asset (GCA) days of 172 in FY2017 as against 216 days in FY2016. This is mainly on account of high inventory of 88 days in FY2017

and 110 days in FY2016. The receivables stand at 21 days and 65 days in FY2017 and FY2015 respectively.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of MIPL.

Outlook: Stable

SMERA believes that MIPL will maintain a stable outlook over the medium term owing to its promoters' extensive experience and established relations with customers. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving its financial risk profile. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue or the financial risk profile deteriorates further.

About the Rated Entity - Key Financials

For FY2016-17, MIPL reported profit after tax (PAT) of Rs 2.06 crore on total operating income of Rs.52.59 crore, compared with PAT of Rs.0.45 crore on total operating income of Rs.45.39 crore in FY2015-16. The tangible net worth stood at a moderate Rs.12.86 crore in FY2017.

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

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BBB- / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	19.50	SMERA A3

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