

Press Release

Miura Infrastructure Private Limited (MIPL)

31 Jan, 2020



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 30.50 Cr.
Long Term Rating	ACUITE BBB-/Stable (Reaffirmed)
Short Term Rating	ACUITE A3 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed the long term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) to the Rs.30.50 crore of bank facilities of Miura Infrastructure Private Limited (MIPL). 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.

Analytical Approach:

Acuité has considered standalone business and financial risk profile of MIPL while arriving at the rating.

Key Rating Drivers:

Strengths

Experienced management and long track record of operation

The promoter, Mr. Gaurav Himatsingka has experience of more than 15 years in the steel fabrication industry. The long standing experience of the promoter has enabled him to maintain comfortable relationships with their key suppliers and customers.

Comfortable financial risk profile

The comfortable financial risk profile of the company is marked by moderate net worth, comfortable gearing and strong debt protection metrics. The net worth of the company stands moderate at Rs.18.15 crore in FY2019 as compared to Rs.15.43 crore in FY2018. This improvement in Networth is mainly due to retention of current year profit. The gearing of the company stands comfortable at 0.47 times as on March 31, 2019 when compared to 0.92 times as on March 31, 2018. The total debt of Rs.8.49 crore in FY2019 consists of short term loan of Rs.4.17 crore, and unsecured loan from promoters of Rs.4.28 crore and long term debt of Rs 0.04 crore. Interest coverage ratio (ICR) is comfortable and stands at 3.70 times in FY2019 as against 3.91 times in FY 2018. The debt service coverage ratio also stands comfortable at 3.12 times in FY2019 as against of 3.32 times in FY2018. The net cash accruals to total debt (NCA/TD) stand comfortable at 0.52 times in FY2019 as compared to 0.31 times in the previous year. Acuité believes the financial risk profile of the company will be comfortable backed by no major capex plan.

Healthy profitability

Though the operating profitability margin of the company has declined but still stood healthy at 11.45 per cent in FY2019 as compared to 14.19 per cent in previous year. The operating profitability of the company has declined on account of increase of raw material cost. The net profitability of the company also declined and stands comfortable at 4.55 per cent in F2019 as compared to 5.68 per cent in FY2018.

Weaknesses

Moderate scale of operation

The revenue of the company stood moderate at Rs. 59.96 crore in FY2019 as compared to Rs45.70 crore in FY2018 crore. The company has booked Rs. 49.32 crore till 31st December 2019 (Prov.). Acuité believes the ability of the company to scale up the operations will remain a key monitorable.

Working capital intensive nature of operation

The working capital intensive nature of operations is marked by high gross current asset (GCA) days of 224 days in FY2019 as compared to 309 days in FY2018. The inventory days are high at 174 days in FY2019 as compared to 199 days in FY2018. The debtor days stands moderate at 25 days in FY2019 and 59 days in FY2018 respectively. Company's operations are expected to remain working capital intensive, as the company is into construction business and maintains high work in progress inventory on year ends.

Rating Sensitivity

- Scaling up of operations while maintaining their profitability margin.
- Working capital management

Material Covenant

None

Liquidity Position: Adequate

The company has adequate liquidity marked by modest net cash accruals of Rs.4.42 crore as against Rs.0.03 crore of yearly debt obligations. The cash accruals of the company are estimated to remain in the range of around Rs. 5.25 crore to Rs. 6.63 crore during 2020-22 against no repayment obligations. The working capital intensity of the company is marked by gross current asset days of 224days in FY2019. The bank limit is 50 per cent utilized by the company as on December 31, 2019. The current ratio of the company stood at 1.36 times as on March 31, 2019. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against no debt repayments over the medium term.

Outlook: Stable

Acuité 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

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	59.96	45.70
PAT	Rs. Cr.	2.73	2.60
PAT Margin	(%)	4.55	5.68
Total Debt/Tangible Net Worth	Times	0.47	0.92
PBDIT/Interest	Times	3.70	3.91

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

None

Any other information

None

Applicable Criteria

- Default Recognition – <https://www.acuite.in/view-rating-criteria-17.htm>
- Infrastructure Entities – <https://www.acuite.in/view-rating-criteria-51.htm>
- Financial Ratios And Adjustments – <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings / Outlook
27-Nov-2018	Cash Credit	Long Term	7.50	ACUITE BBB-/Stable (Reaffirmed)
	Bank Guarantee	Short Term	23.00	ACUITE A3 (Reaffirmed)
03-Nov-2017	Cash Credit	Long Term	7.50	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	19.50	ACUITE A3 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE BBB-/Stable (Reaffirmed)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	23.00	ACUITE A3 (Reaffirmed)

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About Acuité Ratings & Research:

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