

Press Release

Miura Infrastructure Private Limited

February 24, 2023



Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.50	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	7.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	15.00	-	ACUITE A2 Assigned
Bank Loan Ratings	18.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	40.50	-	-

Rating Rationale

Acuite has reaffirmed the long term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short term rating to '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.25.00 crore bank facilities of Miura Infrastructure Private Limited (MIPL).

Acuite has also assigned the long term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.15.50 crore bank facilities of Miura Infrastructure Private Limited. The outlook is '**Stable**'.

Rating Rationale

The rating reaffirmation of MIPL takes into account the stable business risk profile of the company as reflected from its improving scale of operation coupled with healthy profitability margin. The rating also factors in its experienced management, moderate orderbook position and healthy financial position characterized by conservative leverage and strong debt protection metrics. These strengths are partially offset by elongated working capital cycle and Susceptibility to volatility in raw material prices.

About the Company

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 equipment. The fabrication unit is located at Bhilai, Chhattisgarh. The day-to-day operations are managed by Mr. Gaurav Himatsingka and his brother, Mr. Vivek Himatsingka.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of MIPL while arriving

at the rating.

Key Rating Drivers

Strengths

Long track record of operation and experienced management

MIPL was started by Mr. Gaurav Himatsingka under the guidance of his father-in-law who has an experience of more than five decades in the business of fabrication of building and technological structures. The day to day operations of the company are managed by Mr. Gaurav Himatsingka and Mr. Vivek Himatsingka who are well supported by experienced and qualified divisional heads. The company has a long presence in this sector and has established a healthy relationship with customers for more than a decade.

Moderate though increasing scale of operation coupled with healthy profitability margin

The revenue of the company stood modest at Rs.73.46 crore in FY2022 as compared to Rs.64.11 crore in the previous year. The rise in revenue is on account of increase in average realization per unit during the period. The revenue of the company has further improved to 85.98 crore till 31st December 2022 (Prov.) on account of more work order execution along with increase in price of iron & steel during the period. Going forward, Acuité believes that the revenue of the company will improve on account of high demand from the iron and steel industries and well established presence and moderate order book position of Rs.96.79 crore as on December 2022.

Though the operating profitability margin of the company has reduced but still stood healthy at 19.91 per cent in FY2022 as against of 21.63 per cent in the previous year. However, this decline in operating profitability margin is on account of increase in raw material price during the period. The operating profitability margin of the company also stood healthy at 18.49 per cent till 9MFY2023 (Prov.). Acuité believes that the operating profitability margins of the company will remain healthy on account of steady demand from iron and steel industry along with established market presence.

Healthy financial risk profile

The financial risk profile of the company is marked by modest net worth, very low gearing and robust debt protection metrics. The net worth of the company stood at Rs.42.43 crore in FY2022 as compared to Rs 31.91 crore in FY2021. This improvement in network is mainly due to the retention of profit during FY2022. The gearing of the company stood at 0.04 times as on March 31, 2022 when compared to 0.05 times as on March 31, 2021. Interest coverage ratio (ICR) is robust at 29.38 times in FY2022 as against 16.03 times in FY2021. The debt service coverage ratio (DSCR) of the company also stood robust at 23.24 times in FY2022 as compared to 12.53 times in the previous year. The net cash accruals to total debt (NCA/TD) stood strong at 7.97 times in FY2022 as compared to 6.42 times in the previous year. Going forward, Acuité believes the financial risk profile of the company will remain strong on account of steady net cash accruals and no major debt funded capex plan over the near term.

Weaknesses

Working capital management

The working capital management of the company is marked by high gross current asset (GCA) days of 177 days in FY2022 as compared to 187 days in the previous year. This high GCA day of the company is mainly due to high inventory holding for raw material during the period. The inventory holding period of the company stood high at 172 days in FY2022 as compared to 188 days in the previous year. The debtor days of the company stood comfortable at 17 days in FY2022 as compared to 31 days in the previous year. The GCA days of the company has further increased to 336 days as on 9MFY2023. Acuité believes that the ability of the company to manage its working capital operations efficiently will remain a key rating sensitivity.

Susceptibility to volatility in raw material prices

The company purchases steel; hence, the prices of these commodities are highly volatile in nature. Thus, the margins of the company are susceptible to volatility in raw material prices on account of its inability to pass on the increase in the price to its customers.

Rating Sensitivities

- Scaling up of operations while maintaining their profitability margin
- Sustenance of their conservative capital structure
- Working capital management

Material covenants

None

Liquidity Position

Strong

The company has strong liquidity position marked by healthy net cash accruals of Rs.12.36 crore as against nil long term debt obligations in FY2022. The cash accruals of the company are estimated to remain in the range of around Rs. 17.38 crore to Rs. 20.68 crore during 2023-24 as nil long term debt obligations during the period. The bank limit of the company has been only 06 percent utilized during the last six months ended in December 2022. The current ratio of the company stood comfortable at 1.37 times in FY2022. The Gross Current Asset (GCA) days of the company stood high at 177 days in FY2022. Acuité believes that the liquidity of the company is likely to remain strong over the medium term on account of healthy cash accruals against the nil long debt repayments over the medium term.

Outlook: Stable

Acuité believes the company will maintain a 'stable' business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with customers and suppliers along with healthy financial risk profile. The outlook may be revised to "Positive" in case the company registers significant increase in scale of operations while maintaining their profit margins and achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the company's scale of operations and profitability or capital structure, or in case of further elongation of working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	73.46	64.11
PAT	Rs. Cr.	10.52	8.83
PAT Margin	(%)	14.32	13.77
Total Debt/Tangible Net Worth	Times	0.04	0.05
PBDIT/Interest	Times	29.38	16.03

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-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Jun 2022	Bank Guarantee	Short Term	18.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	7.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
30 Mar 2021	Cash Credit	Long Term	2.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Bank Guarantee	Short Term	23.00	ACUITE A3+ (Upgraded from ACUITE A3)
31 Jan 2020	Bank Guarantee	Short Term	23.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	15.00	ACUITE A2 Assigned
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	18.00	ACUITE A2 Reaffirmed
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE BBB+ Stable Reaffirmed
Yes Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	0.50	ACUITE BBB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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