



Press Release
Miura Infrastructure Private Limited
April 26, 2024
Rating Reaffirmed

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|---------------------|--------------------------------------|---------------------------|
| Bank Loan Ratings | 7.50 | ACUITE BBB+ Stable Reaffirmed | - |
| Bank Loan Ratings | 33.00 | - | 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.40.50 crore bank facilities of Miura Infrastructure Private Limited (MIPL). The outlook is '**Stable**'.

Rationale for reaffirmation:

The rating reaffirmation takes into account MIPL's long track record of operations and experienced management, improved operating income and healthy financial risk profile.. The operating income of MIPL has been consistently growing since the last two years ending FY2023. The Company's revenue stood at Rs.133.69 Cr. in FY2023 as against Rs. 73.46 Cr. in FY2022. The financial risk profile of the company continues to remain healthy with healthy gearing and debt protection metrics. The overall gearing of the Company stood at 0.05 times as on March 31, 2023 as against 0.04 times as on March 31, 2022. The interest coverage ratio stood at 31.31 times in FY2023 as against 29.38 times in FY2022. Further, MIPL's revenue till February 2024 is stood around Rs. 118.45 Cr. and is targeting to close the year in the range of Rs. 135-136 Cr. in FY2024 The operating margins are in the range of 13 – 19 percent since last two year ended FY2023.

The rating is, however, constrained on account of intensive working capital operations 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.

Unsupported Rating

Not applicable

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.

- **Improving scale of operations**

The operating income of MIPL has been improving since last two years ending FY2023. The revenues stood at Rs. 133.69 Cr. in FY2023 registering a growth of 82 percent y-o-y basis as against Rs.73.46 Cr. in FY2022. Further, the revenue till February 2024 is Rs.118.45 Cr. in FY2024. The rise in revenue is on account of increase in production during the period. Operating profitability margins are in the range of 13.69-19.91 percent for the last two years. Going forward, Acuite believes that the operating profit margin would remain in the range of 13-14 percent and revenue's are likely to show stable performance.

- **Healthy financial risk profile**

The financial risk profile of the company is healthy with healthy net worth, gearing and debt protection metrics. The net worth of the company improved to Rs.55.31 Cr. and Rs.42.43 Cr. as on March 31, 2023 and 2022 respectively on account of accretion to reserves. The company has a very conservative leverage policy marked by low gearing levels in FY2023 on account of nil long term debt and low utilization of short term debt. The gearing of the company is healthy which stood at 0.05 times as on March 31, 2023 as against 0.04 times as on March 31, 2022. Company's debt protection metrics are healthy – Interest coverage ratio and debt service coverage ratio stood at 31.31 times and 24.75 times as on March 31, 2023 respectively as against 29.38 times and 23.24 times as on March 31, 2022 respectively. TOL/TNW stood at 0.85 times and 0.87 times as on March 31, 2023 and 2022 respectively. The debt to EBITDA of the company stood at 0.13 times as on March 31, 2023 as against 0.09 times as on March 31, 2022. Going forward, Acuite believes that the financial risk profile of the company will remain healthy on account of steady net cash accruals and no major debt funded capex plan over the near term.

Weaknesses

- **Working capital intensive operations**

MIPL's working capital management remained intensive marked by GCA days at 157 days as on March 31, 2023 as against 176 days as on March 31, 2022. The GCA days have improved in FY2023 on account of improved inventory days. The inventory day's stood at 131 days as on March 31, 2023 as against 172 days as on March 31, 2022. The debtor's day stood at 23 days as on March 31, 2023 as against 17 days as on March 31, 2022. Subsequently, the payable period stood at 76 days as on March 31, 2023 as against 66 days as on March 31, 2022 respectively. Further, the average bank limit utilization in the last ten months ended March 24 remained at ~5.9 percent for fund based and 43 percent for non-fund based. Acuite believes that the working capital operations of the company will remain at similar levels over the medium term

- **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 effectively.

Rating Sensitivities

- Scaling up of operations while maintaining their profitability margin
- Sustenance of their conservative capital structure
- Any significant elongation in the working capital cycle

Liquidity Position: Adequate

The company has generated adequate net cash accruals to service its debt obligations. The net cash accruals stood at Rs.14.91 Cr. in FY2023 as against the nil repayment obligations during the same period and is expected to generate cash accruals in the range of Rs.15-17 Cr. against nil repayment obligations over the medium term. The unencumbered cash and bank balances stood at Rs. 0.20 Cr as on March 31, 2023. The current ratio of the company stood at 1.52 times as on March 31, 2023. Further, the average bank limit utilization in the past 10 months ending March 2024 remained 5.9 percent for fund based and 43 percent for non-fund based respectively. Acuité believes that the company's liquidity will remain sufficient over the medium term backed by healthy accruals generation against no repayment obligation.

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 associations 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 23 (Actual) | FY 22 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 133.69 | 73.46 |
| PAT | Rs. Cr. | 12.88 | 10.52 |
| PAT Margin | (%) | 9.64 | 14.32 |
| Total Debt/Tangible Net Worth | Times | 0.05 | 0.04 |
| PBDIT/Interest | Times | 31.31 | 29.38 |

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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 |
|-------------|------------------------------------|------------|-----------------|--|
| 24 Feb 2023 | Bank Guarantee/Letter of Guarantee | Short Term | 18.00 | ACUITE A2 (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 15.00 | ACUITE A2 (Assigned) |
| | Cash Credit | Long Term | 7.00 | ACUITE BBB+ Stable (Reaffirmed) |
| | Secured Overdraft | Long Term | 0.50 | ACUITE BBB+ Stable (Assigned) |
| 22 Jun 2022 | Bank Guarantee/Letter of 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 | Bank Guarantee (BLR) | Short Term | 23.00 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Cash Credit | Long Term | 2.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |

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 avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 15.00 | ACUITE A2 Reaffirmed |
| ICICI Bank Ltd | Not avl. / Not appl. | Bank Guarantee/Letter of Guarantee | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 18.00 | ACUITE A2 Reaffirmed |
| ICICI Bank Ltd | Not avl. / Not appl. | Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 7.00 | ACUITE BBB+ Stable Reaffirmed |
| Yes Bank Ltd | Not avl. / Not appl. | Secured Overdraft | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 0.50 | ACUITE BBB+ Stable Reaffirmed |

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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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