



Press Release
Eros Infrastructures Private Limited
September 25, 2024
Rating Assigned, Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.50	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	12.50	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	28.00	-	ACUITE A4+ Assigned
Bank Loan Ratings	4.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.00	-	-

Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and reaffirmed its short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs 16.50 crore bank facilities of Eros Infrastructures Private Limited. The outlook remains '**Stable**'.

Furthermore, Acuite has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.73.50 crore bank facilities of Eros Infrastructures Private Limited. The outlook is '**Stable**'.

Rationale for Rating

The rating considers the established track record of operation and long-standing experience of the promoters in the tower manufacturing business. The rating also factors the substantial increase in revenue on account of change in the business model and revenue composition, along with comfortable financial risk profile of the company characterized by moderate net worth and comfortable debt coverage indicators and efficient working capital management. The revenue of the company witnessed a 160 per cent growth in FY2024(provisional), wherein revenues increased to Rs.216.36 crore in FY2024(provisional) as compared to Rs.83.28 crore in the previous year majorly due to increase in capacity utilisation and change in business model from conversion/job work business to with material business. EIPL will further scale up its operations with optimum utilization of resources given that it has a robust order book in with material and conversion business along with increasing business

internationally.

About the Company

Nagpur based, Eros Infrastructures Private Limited (EIPL) was incorporated in 2003 by Mr. Amitkumar Narayanprasad Pande, Mrs. Gaitrydevi Narayanprasad Pande, Mr. Atulkumar Narainprasad Pande and others. EIPL is a leading tower manufacturer having products like TLT, Sub Station Structures, Solar Module Mounting Structures, Highway crash barrier etc. The manufacturing facilities are located at Nagpur. They have an in-house independent galvanising unit approved by BHEL,PGCIL and other prestigious customers. along with advanced tools and technologies which make them technologically advanced and cost effective. The company has been in this line of business for 18 years. EIPL also acts as a

vendor to OEM of Automobile industry and infrastructure segment, focusing on sectors like Power, Telecom, Solar and Railways.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of EIPL for arriving at the rating.

Key Rating Drivers

Strengths

Long track record of operations and experienced management

Nagpur based, Eros Infrastructures Private Limited (EIPL) was incorporated in 2003 by Mr. Amitkumar Narayanprasad Pande, Mrs. Gaitrydevi Narayanprasad Pande, Mr. Atulkumar Narainprasad Pande and others. EIPL is a leading tower manufacturer having products like TLT, Sub Station Structures, Solar Module Mounting Structures, Highway crash barrier etc. The manufacturing facilities are located at Nagpur, Jaipur and Jabalpur. They have an in-house independent galvanising unit along with advanced tools and technologies which make them technologically advanced and cost effective. The company has been in this line of business for 14 years. EIPL also acts as a vendor to OEM of Automobile industry and infrastructure segment, focusing on sectors like Power, Telecom, Solar and Railways.

Reputed client base with a good revenue visibility

The company caters to reputed clientele like L&T (PT &D), Tata Power Solar, Tata International for both Transmission tower and Solar Galvanised Structures. The company has reported revenues of around Rs. 66 Cr. till August 2024 and has an order book position of around 50,000 MT which lends revenue visibility over the medium term. EIPL has a packed order book for the next 3-4 months, along with raw materials being provided by the customers for the conversion business and raw materials being procured as per PD clause or national standards, for its with material business.

Moderate financial risk profile

The financial risk profile of the company is marked by improving net worth, moderate gearing and debt protection metrics. The net worth of the company stood at Rs. 19.43 Cr. crore in FY 2024(provisional) as compared to Rs.15.22 Cr. in FY2023. This improvement in net worth is mainly due to the retention of profit. The gearing of the company stood at 1.31 times as on March 31, 2024(provisional) when compared to 2.27 times as on March 31, 2023. This further improvement in gearing is mainly on account of decrease in long term debt due to closure of a few term loans. Interest coverage ratio (ICR) is strong and stood at 2.20 times in FY2024(provisional) as against 1.73 times in FY2023. The debt service coverage ratio (DSCR) of the company also stood moderate at 1.26 times in FY2024(provisional) as compared to 0.92 times in the previous year. This can be attributed to closure of term loans, increase in revenues and operational efficiencies. The net cash accruals to total debt (NCA/TD) stood comfortable at 0.24 times in FY2024(provisional) as compared to 0.08 times in the previous year. In FY2023 net cash accrual was around Rs. 2.64 crore against a repayment of Rs. 3.72 crore for which the repayment was done using accumulated return i.e. liabilities were repaid using short term reserves. Going forward, Acuite believes the financial risk profile of the company will remain healthy on account of steady net cash accruals and conservative gearing policy.

Weaknesses

Moderate profitability margin

The operating profitability margin of the company has dipped slightly to 5.55 per cent in

FY2024(provisional) as compared to 7.37 per cent in the previous year. Variation in EBITDA to Sales is basically attributed to change in the sales mix viz., conversion business, With Material supply orders and By Product sales. Since EIPL is now concentrated into 90% with material business, EBITDA margin of 4-5% is an industry average for same. Going forward, Acuite believes, that the profitability margin of the company will increase slightly and sustain at moderate levels over the medium term backed by steady demand and stable realization. The profitability margin has further increased to 1.95 per cent during FY2024(provisional) compared to 0.54 % in FY2023. Moreover, the comfortable profitability margins have led the company to generate healthy accruals of Rs.6.1 crore in FY2024(provisional) compared to Rs.2.64 crore in FY2023.

Rating Sensitivities

- Substantial improvement in the profitability margin
- Volatility of raw material prices
- Timely completion of orders and influx of new orders

Liquidity Position Adequate

The company has adequate liquidity marked by healthy net cash accruals of Rs.6.10 crore as against Rs.3.55 crore long term debt obligation during FY2024(provisional). The current ratio of the company stood comfortable at 1.23 times in FY2024(provisional). The working capital management of the company is marked by comfortable Gross Current Asset (GCA) days of 109 days in FY2024(provisional). The bank limit of the company has been ~85 per cent utilized during the last six months ended in July 2024. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of healthy cash accruals against long debt repayments, moderate current ratio and efficient working capital requirement over the medium term.

Outlook: Stable

Acuite believes the outlook on the company will remain 'Stable' over the medium term backed by steady revenue visibility and healthy financial risk profile. The outlook may be revised to 'Positive' if the company is able to enhance profit margins significantly with sustained revenue growth and further improvement in liquidity. Conversely, the outlook may be revised to 'Negative' in case of deterioration in scale of operations, profitability margin or elongation in working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	216.36	83.28
PAT	Rs. Cr.	4.21	0.45
PAT Margin	(%)	1.95	0.54
Total Debt/Tangible Net Worth	Times	1.31	2.27
PBDIT/Interest	Times	2.20	1.73

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
28 Dec 2023	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	7.15	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
	Proposed Term Loan	Long Term	0.35	ACUITE BB- (Reaffirmed & Issuer not co-operating*)
19 Oct 2022	Cash Credit	Long Term	5.00	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Term Loan	Long Term	7.15	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Proposed Term Loan	Long Term	0.35	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB)
	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
22 Jul 2021	Proposed Long Term Loan	Long Term	0.35	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	7.15	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	5.00	ACUITE BB (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE A4+ Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.00	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2026	Simple	0.80	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.50	ACUITE A4+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.00	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.52	ACUITE BB+ Stable Upgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.73	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.50	ACUITE A4+ Assigned
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Oct 2024	Simple	6.98	ACUITE BB+ Stable Upgraded (from ACUITE

								BB-)
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Oct 2024	Simple	0.97	ACUITE BB+ 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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