



Press Release

Unique Chains Private Limited

May 02,2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities	90.00	IVR BBB- / Positive Outlook [IVR Triple B Minus with Positive Outlook]	Rating reaffirmed and outlook changed.	Simple
Total	90.00 (Ninety Crores Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings to the bank facilities of Unique Chains Private Limited (UCPL) continue to derive strength from extensive experience of promoter, adequate liquidity marked with prudent working capital management, established relationship with reputed and well-known customers, and moderate financial risk profile. However, the rating strengths are partially offset by presence in a highly competitive and fragmented industry, moderate debt protection matrix, price volatility linked to global market, and susceptible to regulatory changes.

The outlook has been revised from stable to positive on account of expected sustained improvement in turnover and profitability.

Key Rating Sensitivities:

Upward Factors

- Substantial increase in revenue and profitability, leading to improvement in cash accruals on a sustained basis.
- Sustenance of the capital structure and substantial improvement in the debt protection metrics including improvement in TOL/TNW.

Downward Factors

- Deterioration in scale of operation and/or profitability on a sustained basis leading to moderation of capital structure and/or debt protection metrics.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of promoter:**

Mr. Prem Rajkumar Mehra is Managing Director of Unique Chains Private Ltd. (UCPL) He has experience of around 42 years in gem & jewellery industry. Mr Saiyam Prem Mehra has studied B com and has around 20 years of experience in the industry. Mr Ankit Prem Mehra is Director and President Accounts and Finance also has around 20 years of experience in the industry. The promoter family has been in wholesale trade of gems and jewellery for long period of time.

- **Adequate liquidity marked with prudent working capital management:**

Gems and Jewellery industry exhibits high price, large volume and low margin products which makes business capital and working capital intensive. The company has managed its working capital requirements prudently and implemented an effective receivables management system. Receivables were range bound between 15-25 in the past three fiscals with an operating cycle of under 27 days.

- **Established relationship with reputed and well-known customers:**

UCPL has reputed clientele like Senco Gold, Kalyan Jewellers, Reliance Gold etc. The diversified client base reduces the customer concentration risk. Also it has helped the company in getting regular flow of orders which has resulted in growth in scale of operation with improvement in profit margins

- **Moderate financial risk profile:**

UCPL witnessed consistent growth in the total operating income (TOI) since past three years and stood at Rs.1791 crore for FY2023 {as against Rs.1625 crore in FY2022}. The improvement in the turnover has been primarily on account of increase in the sales volume as well as price of gold. Further the TOI increased to Rs 2171 crore during FY 2024(Provisional). The EBITDA margin also improved and stood at 1.53% as on FY 2023 {vis-a-vis 0.96% in FY 2022}. Which was further improved to 2.05% in FY 2024



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(Prov). PAT margin also increased and stood at 0.86% as on FY 2023 {vis-a-vis 0.40% as on FY 2022}. Further improved to 1.41% in FY 2024 (Provisional).

Key Rating Weaknesses

- **Presence in a highly competitive and fragmented industry.**

The gems and Jewellery industry in India is highly fragmented with presence of numerous unorganized players, apart from some very large integrated manufacturers leading to highly competitive industry. The company faces stiff competition from both organized as well as unorganized players. The competitive and fragmented nature of the industry impacts the company's profitability margins.

- **Moderate debt protection matrix:**

The capital structure marked by overall gearing has improved and stood at 1.82x as on March 31, 2023 {vis-à-vis 2.21x as on March 31, 2022} on account of increased in the net worth of the company. Further it improved at 1.34x as on March 31, 2024(Provisional). Owing to above, total outside liabilities to tangible net worth ratio has also improved and stood at 3.24x as on March 31, 2023 {vis-à-vis 4.15x as on March 31, 2022}. Further improved as on March 31, 2024(Provisional) and stood at 2.61x.

- **Price volatility susceptible to regulatory changes and global phenomenon:**

Gold & diamond are important commodities traded in the international market, so trading in gold, diamond and studded Jewellery is highly influenced by several government policies and regulations, which changes from time to time. Since gold is considered as the most near to liquid investment and can be readily sold over the counter and traded on multiple exchanges the prices are volatile in nature.

Analytical Approach: Standalone

Applicable Criteria:

[Trading Companies | Infomerics Ratings](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)



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[Criteria of assigning rating outlook](#)

Liquidity: Adequate

The liquidity of the UCPL is expected to remain adequate in the near to medium term marked by its expected sufficient cash accruals as against its debt repayment obligations. Further the current ratio stood at 1.28x as on March 31, 2023 (A) and 1.39x as on March 31, 2024 (Provisional). The working capital utilisation on an average stood around 76.27% for the past 12 months ended February 2024 indicating adequate liquidity cushion.

About the Company

In 1987 Mr. Prem Mehra had established Unique Chains, a venture to supply gold chains to the Indian market. M/s Unique Chains was incorporated as Private Limited on 19th June 2010. Mr. Saiyam Mehra and Mr. Ankit Mehra are directors since beginning. Presently UCPL has more than 2000 customer base including leading retailers like Senco Gold, Kalyan Jewellers, Reliance gold etc. Along with unit in Mumbai, they also have 2 more units in Kolkata and Delhi.

Financials (Standalone):

	(Rs. crore)	
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	1625.14	1791.13
Total Income	1626.27	1794.10
EBITDA	15.60	27.48
PAT	6.53	15.34
Total Debt	71.63	87.10
Tangible Net worth	38.74	47.92
Ratios		
EBITDA Margin (%)	0.96	1.53
PAT Margin (%)	0.40	0.86
Overall Gearing Ratio (x)	1.69	1.82

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: Nil



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Rating History for last three years:

No	Name of Instrument /Facilities	Current Rating (Year 2024-2025)			Rating History for the past 3 years		
		Amt. (Rs. Crore)	Rating	Last Rating Action	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021
1.	Long Term Bank Facilities-CC	90	IVR BBB- /Positive Outlook	Reaffirmed and Outlook changed	IVR BBB- / Stable Outlook	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Reaffirmed/ Outlook Changed
Long Term Bank Facilities-CC	-	-	-	90.00	IVR BBB- /Positive

Annexure 2: List of companies considered for consolidated analysis: Not applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Unique-Chains-2may24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.