



Press Release

Uniseven Engineering & Infrastructure Private Limited

February 01, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Fund Based Facility – Cash Credit	10.00	IVR BB/ Stable outlook (IVR Double B with stable outlook)	Assigned & Withdrawn
2.	Non - Fund Based Facility – Bank Guarantee*	30.00	IVR BB/ Stable outlook (IVR Double B with stable outlook)/ IVR A4 (IVR A Four)	Assigned & Withdrawn

**including sub-limit of LC of Rs.9 crore*

Details of Facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited has withdrawn the ratings assigned to the bank facilities of Uniseven Engineering & Infrastructure Private Limited based on the client's request and the NOC received from their respective bankers.

Detailed Rationale

The rating continues to derive strength from the experienced team of directors, healthy growth in operation, improvement in overall operating cycle and strong business tie-ups. However, these strengths are, partially offset by low profitability margins, higher gearing coupled with falling interest coverage and high customer concentration. The rating is withdrawn in accordance with Infomerics' policy on withdrawal.

Key Rating Drivers with detailed description

Key Rating Strengths

Experienced team of directors

Uniseven Engineering and Infrastructure Private Limited was promoted by Unimark International Private Limited in 2007. The company has been in the EPC business since then and the Promoters have an extensive industry experience of around four decades. The company's Board of Directors comprises three members (including two Promoter Directors).



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Kamal Prakash is a promoter in various firms such as AI Circle PTE Ltd, Singapore, Associated Industrial Furnaces Pvt Ltd., HMSU Rollers Pvt. Ltd., Ahmedabad/Coimbatore (A Joint Venture with Belgian and German Companies), among others. The Directors of the company are highly experienced and accomplished professionals, adding credence in the governance of the company.

Healthy growth in operation

The company witnessed a healthy growth in operation, growing at a CAGR of 35.34% over the last three years. The total operating income of the company increased by ~31% from Rs.68.35 crore in FY18 to Rs.89.52 crore in FY19 due to increase in scale of operation, and an increase in the number of projects.

Improvement in overall Operating Cycle

The company has improved its operating cycle from 64 days in FY17 to 18 days in FY19. This is mainly due to average collection period reducing from 170 days in FY 17 to 68 days in FY19, which is more than the reduction in average creditors which reduced from 139 days in FY17 to 77 days in FY19. This improved the efficiency of working capital management.

Strong Business tie-ups

The company has strong tie ups with various reputed organisations that help in increasing their network and get business. These organisations include Aluminium Association of India, Calcutta Chamber of Commerce, Confederation of Indian Industry, Federation of Indian Chamber of Commerce & Industry (Serving as Committees for Education & Environment), Indian Ceramic Society, Indo-German Chamber of Commerce, Indo-Italian Chamber of Commerce, TiE, Eastern Region, Agri-Horticultural Society of India.

Key Rating Weaknesses

Low profitability margins

The EBITDA margin and PAT margin stood at 4.25% and 1.02%, respectively in FY19, down from 10.15% and 6.60% in FY18. This fall in FY19 comes after an improvement in the profitability margins in FY18 as compared to FY17. This was mainly due to a few projects for which the revenue was recognised in FY18, while their costs were incurred in FY19 due to certain project delays.

Higher gearing coupled with falling interest coverage



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The Overall Gearing ratio of the company increased from 0.54x in FY18 to 1.29x in FY19 due to increased borrowing to fund the increased scale of operations. The Interest Coverage Ratio also fell from 4.54x in FY18 to 1.88x in FY19. The total Debt to GCA was also high at 9.74x for FY19.

High customer concentration

All the sales are domestic in nature. The top 5 customers of the company account for Rs. 74.62 crore, which is ~83% of the sales in FY19, resulting in a high client concentration.

Analytical Approach: Standalone

Applicable Criteria:

Rating methodology for infrastructure companies

Financial ratios and Interpretation (Non-Financial Sector)

Policy on Withdrawal

Liquidity: Stretched

Liquidity is marked by tightly matched accruals to repayment obligations, highly utilized bank limits and modest cash balance. The DSCR is seen to be quite volatile over the years, depending solely on the income generation from and debt repayment for projects taken in hand.

About the Company

Uniseven Engineering and Infrastructure Private Limited, primarily owned by Unimak International Private Limited, was established on 25th May, 2007. The company's primary work is to serve as a complete solution provider of turnkey EPC contracts involving Project Management, Supply of equipment and Civil, Structural, Erection and Commissioning. The business deals in ferrous and non-ferrous metallurgy (specially aluminium), air pollution control, material handling & mining and infrastructure projects. It also builds hydraulic systems and electrical substations. The company has an in-house design and manufacturing facility and focuses primarily in metallurgical and power sectors.

Their clientele includes eminent players in the Aluminium and Infrastructure sectors, a few of which are Vedanta Aluminium Limited, NFC India Private Limited, Utkal Alumina International limited and Hindustan Zinc Limited. Along with its head office in Kolkata, the company has a



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regional setup in the cities of Ahmedabad, Bangalore, Coimbatore, Mumbai, New Delhi, Thane, Varanasi and Vishakapatnam.

Financials

(INR Crore)		
For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	68.35	89.52
EBITDA	6.94	3.80
PAT	4.54	0.92
Total Debt	7.00	18.22
Tangible Networth	12.99	14.15
EBITDA Margin (%)	10.15	4.25
PAT Margin (%)	6.60	1.02
Overall Gearing Ratio (x)	0.54	1.29

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20 (PR Date:21.11.19)	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based Facilities – Cash Credit	Long Term	10.00	Assigned & Withdrawn	IVR BB/ Stable outlook (IVR Double B with stable outlook)	-	-
2.	Non-Fund Based Facilities – Bank Guarantee*	Long Term/ Short Term	30.00	Assigned & Withdrawn	IVR BB/ Stable outlook (IVR Double B with stable outlook)/	-	-



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					IVR A4 (IVR A Four)		

**including sub-limit of LC of Rs. 9 crore*

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

Name and Contact Details of the Rating Analyst:

Name: Mr. Miraj Bhagat	Name: Mr. Prakash Kabra
Tel: (022) 62396023	Tel: (022) 62396023
Email: mbhagat@infomerics.com	Email: prakash.kabra@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	10.00	IVR BB/ Stable outlook (Withdrawn)
Bank Guarantee*	-	-	-	30.00	IVR A4 (Withdrawn)

*including sub-limit of LC of Rs. 9 crore