



Press Release

Lucky Global Projects Private Limited

May 16, 2023

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities –fund Based	38.00	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities – Non Fund Based	105.00	IVR A4 (IVR A Four)	Assigned	Simple
Total	143.00	Rupees One Hundred Forty – Three Crore only		

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has assigned long-term rating of IVR BB- with a Stable Outlook and short-term rating of IVR A4 for the bank loan facilities of **Lucky Global Projects Private Limited**.

The rating draws comfort from its established track record of directors and promoters, orders received are backed by LC's and current order book position of the firm. However, these strengths are partially offset by consistent fluctuation in turnover, high dependence on lesser developed nations in the African continent, exposure to foreign exchange risks.

IVR has principally relied on the standalone audited financial results of Lucky Global Projects Private Limited up to 31 March 2022, FY23 and projected financials for till FY25, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Procurement of new orders provides long-term revenue visibility along with a substantial and sustained improvement in the revenue and cash accruals while maintaining the debt protection metrics and improvement in capital structure and liquidity.
- Manage working capital requirements efficiently with improvement in liquidity position and gearing

Downward Factors



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- Any delays in execution of projects impacting the scale of operations and impairment in profitability affecting the liquidity position
- Any delay in realization of receivables stressing the working capital cycle

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record of Directors and promoters**

The company benefits from the long-term experience of the promoters in project execution in Africa. The promoters have a good understanding of the geopolitical environment in this region which will enable them to improve their scale of operations and secure tenders in future.

- **Orders received are backed by LC's and Current order book position of the company**

The company undertakes developmental projects (non-infrastructure) that are either backed by Exim Bank's lines of credit or funded by foreign governments under UNDP / World Bank assistance. Thus, risk of default is mitigated as all payments for exports are indirectly guaranteed by the Government of India/UNDP/World Bank. As on 20th February 2023, the company had total orders of Rs. 761.08 crore out of which Rs. 411.65 is unexecuted. Majority of the orders are in Africa with countries like Ethiopia, Ivory Coast, Uganda. All the projects are from Government Entities which ensures payment albeit delayed.

Key Rating Weaknesses

- **Consistent fluctuation in its turnover**

In FY20 and FY21 the decline in revenues is on account of unavoidable external factors due to Covid 19 related restrictions. The company owing to the nature of operations are dependent upon the site clearances and receipt of other approvals from the governments of the host countries. The turnover for FY22 stood at Rs. 104.53 crore. Moreover, receivables are always high in the line of business, given the nature of transactions and entities involved.

- **High dependence on lesser developed nations in the African continent**

As the company operates majorly in the African subcontinent, the growth in business will continue to depend on the GOI's policy to extend lines of credit to nations in the African continent. Any instability in this region is likely to adversely impact the company's business operations.



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- **Exposure to foreign exchange risks**

The company's business is tender based in nature, where majority of revenues are generated from the countries in the African continent and is thus exposed to foreign currency fluctuation risks on its receivables.

Analytical Approach: For arriving at the ratings, IVR has analysed Lucky Global Projects Private Limited's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of assigning rating outlook](#)

Liquidity – Stretched

Lucky Global Projects Private Limited had negligible GCA in FY22. The company has seen fluctuating income across the last 3 years. Given the type of business and nature of transactions, the company is always stretched for cash for its day-to-day operations. The limits are overutilized at times.

About the Company

Lucky Global Projects Private Limited (Formally known as M/s Lucky Exports) with an experience of 31 years is engaged in Turnkey Engineering, Procurement and Construction (EPC) projects, material, and machinery supply projects. It is an Engineering, Procurement and Construction (EPC) Company providing Design, Engineering, Procurement, Construction and Commissioning services to a worldwide clientele. The company offers a wide range of projects from Concept to Commissioning for Greenfield and Modernization / Conversion / Expansion / Rehabilitation, in the following fields - Power, Industry, Agriculture, Education, Infrastructure, Healthcare etc. The company operations are ISO certified, extending across Africa, Southeast Asia, and India.

Financials (Standalone):

(Rs. Crore)



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For the year ended*	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	85.27	104.53
EBITDA	7.06	7.76
PAT	0.66	0.00
Total Debt	37.53	46.89
Adjusted Tangible Net worth	48.69	50.61
EBITDA Margin (%)	8.28%	7.42%
PAT Margin (%)	0.75%	0.00%
Overall Gearing Ratio (x)	0.77	1.79

* Classification as per Infomerics' standards (NM=Not Meaningful)

Status of non-cooperation with previous CRA: The Company was rated under Issuer Not Cooperating category on 18th April 2023 due to non-submission of information by the issuer.

The company was previously rated BWR BB/ Stable & Issuer not Cooperating & BWR A4 on 16th November 2022.

Any other information: Nil

Rating History for last three years:

Sr. No.	Type of Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating (16 May 2023)	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities	Long Term	38.00	IVR BB-/ Stable	-	-	-
2.	Short Term Bank Facilities	Short Term	105.00	IVR A4	-	-	-

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About Infomerics:



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Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the company 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	-	-	-	38.00	IVR BB-/ Stable
Bank Guarantee	-	-	-	80.00	IVR A4
ILC/ FLC	-	-	-	25.00	IVR A4

Annexure 2: List of companies considered for consolidated analysis: Not Applicable



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Lucky-GlobalProjects-may23.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 [Complexity Level of Rated Instruments/Facilities](#).