



## Press Release

### Univastu India Limited (UIL)

March 30, 2023

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Fund Based Bank Facilities	21.59	IVR BB/ Stable (IVR Double B With Stable Outlook)	Assigned	Simple
Short Term Non-Fund Based Bank Facilities	12.00	IVR A4 (IVR A Four)	Assigned	Simple
Proposed Short Term	1.41	IVR A4 (IVR A Four)	Assigned	Simple
<b>Total</b>	<b>35.00</b> <b>(Rupees Thirty-five crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Univastu India Limited derive strength from the experienced promoters & management team, reputed clientele and moderate scale of operation. However, rating is constrained by elongated capital cycle and risk of timely realizations, exposure to competitive segment and inherent risk in nature of business and geographical concentration risk.

#### Key Rating Sensitivities:

##### Upward Factors

- A sustained improvement in the revenue and debt protection parameters while maintaining the profitability.

##### Downward Factors

- Any significant decline in the revenue and/or profitability and/or an increase in the gross working capital cycle.
- Significant deterioration in debt protection parameters



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### **Experienced promoters & management team**

Univastu India Limited (UIL) was incorporated in 2009 by Mr. Pradeep Khandagale, to undertake civil construction work for the government. He has two decades of vast experience in civil construction industry. Further the company has a team of experienced and capable professionals, having over a two decade of experience in the segment, to look after the overall management. The day-to-day operations of the company are looked after by the senior management having considerable experience with technological background.

##### **Reputed clientele**

The company has been catering to a reputed client base like CIDCO, Sport Authority of Goa, PWD Ahmednagar etc. The company bids for tenders floated by various government entities across the country. The company has relationships built over the years with clients who give repeated orders.

##### **Moderate scale of operation**

The total operating income has improved by 14.68% and stood at Rs.58.63 crore in FY22 (vis-à-vis Rs.51.12 crore in FY21). mainly on account of higher execution of orders in hand due to post opening up of economy after COVID – 19 restrictions. Further the Company has achieved Rs 57.27 crore of its projected revenue of Rs 99.66 crore and PAT of Rs. 6.03 crore during 9MFY23. However, overall performance is expected to improve in FY23 as the company have a moderate size of orders to execute.

#### Key Rating Weaknesses

##### **Elongated capital cycle and risk of timely realizations:**

EPC business, by its nature, is working capital intensive as large part of working capital remains blocked as earnest money deposits and retention money. The company faced liquidity issues on account of delayed payments from its counterparties due to delayed certification of the work during COVID pandemic, leading to receivable days of 291 days as of 31 Mar 2022 and almost full utilization of the working capital limits impacting the overall liquidity of the



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company. The company had debtors of Rs. 22.82 crs, outstanding for more than one year as of 31 Mar 2022. The company has however, recovered a major amount during 9MFY23, which is expected to support the liquidity going forward.

### **Exposure to competitive segment and Inherent risk in nature of business**

Intense rivalry, a large number of participants, and low entry barriers are characteristics of the industry. For government agencies, the corporation builds roads as part of its operations. Additionally, the fierce competition in this market may lead to aggressive project bidding, which would affect the company's profit margins. The primary business risks faced by the corporation in the sector include economic fragility, regulatory risks in developing markets, delays in government payments, project execution risk, and variable input costs.

### **Geographical concentration risk**

With all the projects that are now being worked on, primarily in the areas of Maharashtra & few in the state of Goa. A geographical and sectoral concentration risk is indicated by the current order book, which is skewed toward construction work in the aforementioned locations from various government departments.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of assigning Rating outlook](#)

### **Liquidity – Stretched**

The liquidity position of the company is stretched characterized by moderate cushion in its gross cash accruals of Rs. 6.22 Cr. The current and quick ratios remained moderate at 1.66x respectively as on March 31<sup>st</sup>, 2022. The average fund based working capital utilization of the company remained high at 94.45% and non-fund based utilisation stood at 100% for the past 12 months period ended February 2023 indicating low liquidity cushion. However, the company's free cash and bank balance stood at Rs. 4.59 Crore as of March 2022.



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### About the Company

Univastu India Limited (UIL) is based in Pune, Maharashtra was incorporated as a private limited company in 2009. The company is managed by key promoter Mr. Pradeep Khandagale. It was previously known as 'Unique Vastushilp and Projects Private Limited'. Further, the Company was converted into a public limited company in 2017 and consequently, the name of the Company was changed to 'Univastu India Limited'. The company is listed on National Stock Exchange (NSE). UIL undertakes government civil infrastructure projects and has executed various projects such as construction of metro station, hospitals, indoor sports complexes, water supply & drainage projects, road projects, minor irrigation projects and more.

### Financials Standalone:

(Rs. crore)

For the year ended / As On*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	51.12	58.63
EBITDA	20.06	12.41
PAT	9.49	5.22
Total Debt	39.15	33.88
Adjusted Tangible Network	33.38	38.67
<b>Ratios</b>		
EBITDA Margin (%)	39.25	21.17
PAT Margin (%)	18.43	8.84
Overall Gearing ratio (times)	1.16	0.86

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil



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### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based Bank Facility	Long Term	21.59	IVR BB/ Stable	-	-	-
2.	Non-Fund Based Bank Facility	Short Term	12.00	IVR A4	-	-	-
3.	Proposed	Short Term	1.41	IVR A4			

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### About Infomerics:

Infomerics Valuation and Rating Private Limited (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](http://www.infomerics.com)

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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 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
Term Loan – GECL	-	-	2024	2.10	IVR BB/Stable
Term Loan	-	-	2023	0.49	IVR BB/Stable
Cash Credit	-	-	-	19.00	IVR BB/Stable
Letter of Credit	-	-	-	3.00	IVR A4
Bank Guarantee	-	-	-	9.00	IVR A4
Proposed Short Term	-	-	-	1.41	IVR A4

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Univastu-mar23.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](http://www.infomerics.com).