



Press Release

Unique Delta Force Security Private Limited

October 19, 2018

Rating Reaffirmed and Assigned

Total Bank Facilities Rated*	Rs. 27.50 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) to the Rs. 24.02 crore bank facilities of UNIQUE DELTA FORCE SECURITY PRIVATE LIMITED (UDFSPL). The outlook is '**Stable**'.

Further, Acuite has also assigned long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) to the Rs. 3.48 crore bank facilities of UNIQUE DELTA FORCE SECURITY PRIVATE LIMITED (UDFSPL). The outlook is '**Stable**'.

The Pune based, UDFSPL was set up as a partnership firm in 1988 by Mr. Prabhakar Salunke and his wife, Ms. Sunanda Salunkhe. Later, the firm was reconstituted as a private limited company in 2004. The company provides security services such as manned guarding service, executive protection, cash management, consulting, investigation, electronic surveillance services and caters to around 302 companies. UDFSPL has corporate offices at Pune and branch offices at Delhi, Mumbai, Gurgaon, Goa, among others.

Analytical Approach

Acuité has considered standalone business and financial risk profile of UDFSPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Long operational track record and experienced management**

UDFSPL has long operational track record of almost three decades in the industry. The promoters have three decades of experience in the service industry. Thus, the company has been able to forge long lasting relationships with its customers.

- **Healthy revenue growth**

UDFSPL registered healthy operating income growth at a CAGR of 11.00 percent for the period FY2014 to FY2018 (Provisional) on account of addition of new clients. The company catered to ~302 clients in FY2017-18 (Provisional) as against ~250 in FY2016-17. The operating income stood at Rs.185.86 crore in FY2018 (Provisional) compared to Rs.171.93 crore in FY2017.

- **Established relations with reputed clientele**

The company caters to reputed clientele such as Infosys Limited, Wipro Limited and Credit Suisse.

- **Comfortable working capital management**

The working capital operations are comfortable with Gross Current Assets (GCAs) of 86 days in FY2018 (Provisional) on account of comfortable debtor level of 77 days. The average cash credit utilisation is ~86.09 percent in the last six months ended June 2018.

Weaknesses

- **Moderate financial risk profile with exposure to group entities**

The financial risk profile is moderate marked by net worth of Rs.34.77 crore as on 31 March, 2018 (Provisional). The gearing (debt to equity ratio) stood low at 0.63 times as on 31 March, 2018 (Provisional) compared to 0.91 times as on 31 March, 2017. Interest Coverage Ratio (ICR) stood at 4.40 times in FY2018 (Provisional) as against 4.72 times in FY2017. Debt Service Coverage Ratio (DSCR) stood at 1.98 times in FY2018 (Provisional) compared to 2.50 times in FY2017. Summit Corporation Private Limited (SCPL), a group company of UDFSPL, has transferred its assets (Land and Building) along with long term debt to UDFSPL in FY2016-17. Thus, additional debt is expected to moderate the coverage indicators. Further, UDFSPL also has exposure to group companies via non-current investments worth Rs.13.33 crore as indicated by the management. The exposure to group companies is not likely to increase in the near to medium term.

- **Competitive and fragmented industry**

UDFSPL operates in a highly fragmented and competitive industry with large number of organised and unorganised players.

Outlook: Stable

Acuite believes that UDFSPL will maintain a 'Stable' outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, profit margins or if the company registers deterioration in the financial risk profile and liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	185.86	171.93	145.90
EBITDA	Rs. Cr.	12.69	11.61	7.65
PAT	Rs. Cr.	5.96	3.98	3.69
EBITDA Margin	(%)	6.83	6.75	5.25
PAT Margin	(%)	3.21	2.31	2.53
ROCE	(%)	23.13	28.22	24.97
Total Debt/Tangible Net Worth	Times	0.63	0.91	0.41
PBDIT/Interest	Times	4.40	4.72	3.98
Total Debt/PBDIT	Times	1.69	2.10	1.34
Gross Current Assets (Days)	Days	86	85	77

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Jul-2017	Cash Credit	Long Term	15.00	ACUITE BBB- / Stable (Assigned)
	Term Loan	Long Term	8.50	ACUITE BBB- / Stable (Assigned)
	Bank Guarantee	Short Term	4.00	ACUITE A3 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB- /Stable (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	5.02	ACUITE BBB- /Stable (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A3 (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	3.48	ACUITE BBB- /Stable (Assigned)

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Ratings Tel: 022-29494000 aditya.gupta@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in
Ayushi Rathore Analyst - Rating Operations Tel: 022-29494033 ayushi.rathore@acuiteinratings.in	

About Acuité Ratings & Research:

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