



**Press Release**  
**Unique Structures And Towers Limited**  
**August 29, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.79	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	92.21	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	117.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) to the Rs.117.00 crore bank facilities of Unique Structures and Towers Limited (USTL). The outlook is '**Stable**'.

**Rationale for rating**

The rating reaffirmation reflects the extensive experience of the management in the fabrication of tower and EPC business, increase in revenues of the company in FY2024, healthy profitability margin of the company and receipt of new orders with greater margins. The rating also reflects adequate liquidity position of the company and huge order book of Rs. 368.33 Cr. However, these strengths are partially offset by moderate scale of operations and working capital intensive nature of operation.

**About the Company**

Unique Structures and Towers Limited (USTL) was incorporated in 1985 by Mr. V.K. Bansal at Chhattisgarh. In 1995, the company started galvanized steel structure fabrication unit for transmission towers. The company has been regularly supplying galvanized steel structures and towers to Power Grid Corporation of India Limited (PGCIL), Indian Railway, Departments of Telecommunication (DoT) among others. USTL also ventured into EPC contract. Currently company is into Engineering, Procurement and Construction (EPC) for Power Grid Corporation India Ltd (PGCIL), Indian Railway and Department of Telecommunication (DoT) among others. The directors of the company are Mr. Ajay Kumar, Mr. Rishi Kumar Bansal, Mrs. Sonika Bansal, Mr. Shree Gopal Kankani and Mr. Sujitkumar Laxminarayan Sharma. The registered office is located Chhattisgarh.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of USTL while arriving at the rating.

**Key Rating Drivers****Strengths**

Experienced management and long track record of operation

Established in 1985 by Mr. VK Bansal, USTL, a Chhattisgarh-based company, is engaged into tower fabrication and galvanized steel structures. Currently led by Mr. Rishi Kumar Bansal, the company's management boasts more than two decade of experience in tower fabrication and LPC business. Other directors, Mr. Ajay Kumar, Mrs. Sonika Bansal, Mr. Shree Gopal Kankani and Mr. Sujitkumar Laxininarayan Sharma, also bring extensive industry experience. The promoters' enduring expertise and the company's longstanding operational success have fostered strong relationships with key suppliers and esteemed clients.

### **Moderate Improvement in scale of operations**

The company has witness moderate improvement in revenue of Rs. 87.01 Cr. in FY2024 as compared to revenues of Rs. 53.67 Cr. in FY2023 and Rs. 96.70 Cr. in FY 2022. The improvement is attributed to factors such as higher work orders with better expected margins and larger order book. Currently, USTL has an unexecuted order book position of Rs.368.33 Cr. as on 30 th June 2024 which will be executed in next 2 years. Further, the company has already achieved revenue of around Rs. 28.77 Cr. in Q1 of FY2025 (Provisional). Going forward, Acuite believes that the revenue of the company will improve backed by large order book position, which imparts revenue visibility over to medium term, however the execution of the same remains to be monitored.

### **Healthy Profitability margin**

The operating margin of the company increased to 13.05 percent in FY2024 as compared to 16.00 percent in FY2023. This decrease in operating margin is on account of increase in raw material cost and execution of previously completed orders which had lesser margins. Acuite believes that the profitability margin of the company will remain at same level backed by in-built price escalation clause that provides cushion for covering the increased input cost and the higher margins in the newer orders. Further, the PAT margin of the company also increased to 2.41 percent in FY2024 as compared to 2.05 percent in FY2023. The ROCE levels stood at 13.61% in FY2024. The company has reputed clientele, leading to low counter party risk since entire revenue is generated from the various State & Central government departments. Acuite believes that the business risk profile of the Company will continue to benefit from the extensive experience of its management and long track record of operations over the medium term.

### **Moderate financial risk profile albeit modest debt protection metrics**

The financial risk profile of the company is moderate marked by moderate net worth, comfortable gearing and modest debt protection metrics. The adjusted tangible net worth of the company stood at Rs.40.56 Cr. as on March 31, 2024 as compared to Rs.38.47 Cr. as on March 31, 2023. This improvement in networth is mainly due to the retention of current year profits in reserves. Acuite has considered unsecured loans of Rs.4.51 Cr as on March 31, 2024, as quasi-equity as the management has subordinated the amount against the bank loans. The adjusted gearing of the company stood comfortable at 0.87 times as on March 31, 2024. The adjusted Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.50 times as on March 31, 2024. The adjusted debt protection metrics of the company stood modest marked by Interest coverage ratio (ICR) of 1.62 times and debt service coverage ratio (DSCR) of 1.17 times for FY2024. The adjusted net cash accruals to total debt (NCA/TD) stood at 0.10 times in FY2024. Going forward, Acuite believes the financial risk profile of the company will remain moderate on account of steady net cash accruals owing to stable profitability margins with no major debt funded capex plan over the near term.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital operations of the company is intensive marked by high gross current asset (GCA) days of 354 days for FY2024 as compared to 472 days for FY2023. The GCA days are primarily on account of high receivable days and high inventory holding. The debtor days of the company stood at 145 days in FY2024 as against 223 days in FY2023. Further, the inventory days stood at 181 days in FY2024 as compared to 185 days in FY2023. Against this, the company has substantial improvement in dependence on its suppliers to support the working

capital; creditors stood at 89 days as in FY2024 as compared to 174 days in FY2023. Acuite believes that the working capital cycle of the company will continue to remain high and will be a key monitorable.

### **Highly competitive and fragmented nature of industry**

The sector is marked by the presence of several mid-to large-sized players. The company specialises in tower fabrication and galvanized steel units, mainly for Power Grid Corporation of India (PGCIL), Indian Railways and Department of Telecommunication (DoT). Company faces competition from large players as well as local and small unorganized players. Most of its projects are tender based and face intense competition. This can impact the profitability of the company. However, this risk is mitigated to an extent on account of the experience of the management and the group's well-established presence.

### **Rating Sensitivities**

- Sustainability of revenue along with improvement in profitability margins
- Elongation in Working capital cycle
- Improvement in debt protection metrics

### **Liquidity Position Adequate**

The company has adequate liquidity marked by net cash accruals of Rs. 3.58 Cr. as on March 31, 2024 as against Rs.2.04 Cr. long term debt obligations over the same period. The cash and bank balance stood at Rs. 0.11 Cr. for FY 2024. The current ratio of the company stood comfortable at 2.10 times in FY2024. However, the bank limit of the company has been 94.38 percent utilized for the last six months ended in June 24. Further, the working capital operations of the company is intensive marked by high gross current asset (GCA) days of 354 days for FY2024 as compared to 472 days for FY2023. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of moderate cash accruals against term debt repayments and absence of any major debt funded capex plans over the medium term.

### **Outlook: Stable**

Acuite believes that USTL will maintain a 'Stable' outlook over the medium term owing to its promoters' extensive experience and comfortable financial risk profile. The outlook may be revised to 'Positive' if the company registers more than expected revenues while improving its profitability levels. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the expected revenue or the working capital cycle further elongates or deterioration in liquidity position of the company.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	87.01	53.67
PAT	Rs. Cr.	2.09	1.10
PAT Margin	(%)	2.41	2.05
Total Debt/Tangible Net Worth	Times	0.87	0.73
PBDIT/Interest	Times	1.62	1.48

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Feb 2024	Cash Credit	Long Term	11.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Working Capital Demand Loan (WC DL)	Long Term	2.92	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	11.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Working Capital Demand Loan (WC DL)	Long Term	2.51	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Letter of Credit	Short Term	2.25	ACUITE A4+ (Downgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	39.76	ACUITE A4+ (Downgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	35.78	ACUITE A4+ (Downgraded from ACUITE A3)
	Proposed Short Term Bank Facility	Short Term	9.53	ACUITE A4+ (Downgraded from ACUITE A3)
	Letter of Credit	Short Term	2.25	ACUITE A4+ (Downgraded from ACUITE A3)
10 Nov 2022	Cash Credit	Long Term	11.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	2.92	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	11.00	ACUITE BBB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	2.51	ACUITE BBB-   Stable (Reaffirmed)
	Letter of Credit	Short Term	2.25	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	39.76	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	35.78	ACUITE A3 (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	9.53	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	2.25	ACUITE A3 (Reaffirmed)
12 Aug 2021	Proposed Short Term Bank Facility	Short Term	1.40	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	2.25	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	2.25	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	44.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.60	ACUITE A3 (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	2.50	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	11.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	11.00	ACUITE BBB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	39.76	ACUITE A4+   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.78	ACUITE A4+   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE BB+   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.00	ACUITE BB+   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.25	ACUITE A4+   Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.25	ACUITE A4+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.17	ACUITE A4+   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	Simple	1.29	ACUITE BB+   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	Simple	1.50	ACUITE BB+   Stable   Reaffirmed



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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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