## Rating Rationale

**Brickwork Ratings assigns 'BWR BB-' for Bank Loan facilities aggregating ₹ 30 Cr of M/S Universal Industrial Equipment and Technical Services Pvt Ltd.**

Brickwork Ratings has assigned the following **Rating**[1] for Bank Credit facilities availed by M/S Universal Industrial Equipment and Technical Services Pvt Ltd. *(UIETS or the 'Company')*:-

| Facility | Limits (₹ Cr) | Tenure | Rating |
|---|---|---|---|
| **Cash Credit** | **30.00** | **Long Term (Fund Based)** | **'BWR BB-'** (Pronounced 'Double B Minus') **(Outlook : Stable)** |
| **Total** | **30.00** | **INR Thirty Crores only** | |

BWR has essentially relied upon the audited financial results up to FY 14 and projections for FY 15 and FY16, publicly available information and the information/clarification provided by the Company.

The rating, inter alia, has factored the promoters' vast experience, improving demand outlook of for construction and infrastructure industry and established track record of the Company. However the rating is constrained by low profitability margins, high dependence on bank finance to meet its working capital requirement, low profitability margins and high debt to equity ratio.

### Company Profile:

M/S Universal Industrial Equipment and Technical Services Pvt Ltd (UIETS) was incorporated by Mr. Narendra Sabnani in 1996, who is the CMD of the Company presently. He is ably supported by his son Mr. Aswin Sabnani. UIETS is supplier and trader of Hydraulic excavators, rock breakers, Cranes, Road making equipment, Road rollers, Vibrate Rollers, Wheeled equipment, etc. UIETS also provides construction equipment on lease, besides repairs and maintenance services. The Company is the sole authorized dealer for TELCO Construction Equipment Company Ltd.(TELCON) and Atlas Copco (India)Ltd for Vidharba and Chattisgarh regions and authorized sole distributor for Goodyear farm tyres for Vidharba region. It has a group company, M/s KBS PARAMOUNT ENGINEERS PVT. LIMITED, actively engaged in Design, drawing, engineering, detailed engineering, fabrication, manufacture, on-site erection, commissioning and testing of equipment for steel plants. These business operations are also managed by the promoters.

### Management and activity

The promoters, the Sabnani father and son duo, have good experience in the business and are supported by a team of professionals with expertise in specialized fields.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

**Financial Performance:**

The Company posted revenues of Rs 113.25 Crs as at the end of FY14, compared to Rs 142.14 Crs in FY13, showing a decrement of almost 20 %, mainly attributable to the slow-down in the industry it caters to. It registered a PAT of Rs. 1.02 Crs in FY 14, as against Rs 1.24 Crs in the FY 13. The Company's operating profit margin was 8.96 per cent in 2014. The net profit margin was 0.90 per cent in FY 14.

**Rating Outlook:**

The rating outlook is expected to be stable. Going forward, ability of the Company to increase volume of business operations, infuse capital as necessary to improve the working capital needs, and achieve projected cash flows and maintain the margins remain key rating sensitivities for the Company.

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