

Pre Unique (India) Private Limited

January 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	44.00	CARE BB+; Stable	Assigned
Short Term Bank Facilities	49.50	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to bank facilities of Pre Unique (India) Private Limited (PUIPL) are tempered by fluctuating profitability margins during FY21-FY24 (Audited) [FY refers to the period April 01 to March 31] and 8MFY25 (Unaudited), moderate order book position, geographic and client concentration risk, elongated working capital cycle and fragmented nature of construction sector with tender-based nature of operations and execution challenges.

The ratings, however, derive strength from the experienced and qualified promoters, improvement in scale of operation over last 4 years ended FY24, comfortable capital structure, allocation of districts for plantation and stable industry outlook.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving TOI of Rs.200 crore with operating margin above 15% on a sustained basis
- Decrease in debt levels resulting in overall gearing falling below 0.75x

Negative factors

- Deterioration in capital structure marked by overall gearing beyond 1.25x.
- Elongation in collection days beyond 60 days impacting the liquidity position of the company.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes PUIPL will continue to benefit from the extensive experience of its promoters and established association with its clients.

Detailed description of key rating drivers:

Key weaknesses

Fluctuating profitability margins during FY21-FY24: PUIPL is involved majorly in 3 business segments i.e., EPC for palm oil producers, operations and maintenance services and procuring and plantation of palm oil saplings. The profitability margins for each segment varies with plantation segment having the highest margins and EPC segment having lower margins as compared to the other two segments. This results in volatility in profitability margins. In FY22, PBILDT and PAT margins stood at 12.72% and 6.67% respectively, where majority of the revenue was contributed by the EPC segment. The PBILDT and PAT margins in FY23 increased to 22.57% and 18.21% respectively on account of increase in revenue from the plantation segment which is a high margin segment. In FY24, the PBILDT and PAT margins moderated and stood at 16.27% and 12.12% respectively with increase in revenue from the EPC segment. For H1FY25, the PBILDT and PAT margins stood at 23.84% and 7.12% respectively.

Elongated working capital cycle: Operating cycle of PUIPL improved slightly but remained elongated to 103 days in FY24 as compared to 115 days in FY23 and is expected to remain elongated due to high inventory days which stood at 114 days in FY24 as compared to 159 days in FY23. Inventory days improved but remained high as the company needs to procure the sprouts from Indonesia and needs to maintain them under quarantine for a period of one year before supplying the saplings to farmers for cultivation. Once, PUIPL commences the supply of saplings, the inventory period is expected gradually reduce.

Moderate order book position: As on November 30, 2024, PUIPL has an outstanding order book of Rs 135.94 crore, which translates to 1.33x gross billing of FY24 (A) indicating short term revenue visibility. Going forward, ability to bag new orders with sanction of working capital limits, will be critical from business perspective. These orders are from TG Oil Fed which involves enhancement the capacities of existing palm oil extraction plants.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Geographic and client concentration risk: Major customer base of PUIPL includes Andhra Pradesh and Telangana Oil Fed and its outstanding orders are from TG Oil Fed. The current orders geographically concentrated due to presence in only two states, however, Telangana and Andhra Pradesh together account for more than 50% of total production of Oil Palm in India. Nevertheless, PUIPL is looking forward to bag more orders for other states for which government have allocated Oil Palm cultivation lands/zone.

Fragmented nature of business with tender-based nature of operations and execution challenges: PUIPL is engaged in the business of processing of agriculture commodities, the prices of which remain fluctuating and depend on production yield, demand of the commodities and vagaries of nature. Hence, profitability of the PUIPL to some extent is exposed to vulnerability in prices of such commodities. That apart, the infrastructure sector in India is highly fragmented and competitive with many small and mid-sized players. This coupled with tendering process in order procurement results in intense competition within the industry, fluctuating revenues, and restrictions in profitability. Additionally, continued increase in execution challenges including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players. However, the promoter's long industry experience of nearly two decades in project execution industry and around five years in Oil Palm industry mitigates this risk to some extent.

Key Strengths

Improvement in scale of operations from FY21-FY24: The total operating income of the company has been volatile yet improved over the past five years ended FY24. The same is on account of volatility in O&M income from oil palm extraction mills. In FY21, the operations were hampered due to impact of COVID-19. In FY22, TOI increased by 46% to 21.84 crore in FY22 from 14.94 crore in FY21 at the back of improvement in execution of order book on hand and size of the order book. TOI further improved to Rs. 60.40 crore in FY23 with increase in the sale of saplings which contributed ~53% of the total revenue in FY23 with ~31% and 15% being contributed by EPC and O&M segment respectively.

PUIPL reported an increase of around 69% in revenue in FY24 as compared to FY23 which stood at Rs. 102.14 crore with ~71% being contributed by the EPC segment alone. This increase was mainly due to revenue inflow from plant expansion work done for Andhra Pradesh and Telangana Oil Fed in FY24.

In 8MFY25, PUIPLs revenue stood at Rs. 52.69 crore. The decrease in the revenue is majorly because of the decrease in the sale of saplings which are to be kept under quarantine for 1 year before they can be sold to the farmers. PUIPL expects to achieve a revenue of Rs. 120 crore which will be majorly contributed by the EPC segment from the order from Andhra Pradesh and Telangana Oil Fed.

Comfortable capital structure: The capital structure of the company marked by overall gearing remained satisfactory at 0.93x as of March 31, 2024, improving from 2.07x as of March 31, 2022. Improvement in overall gearing is marked by increase in networth base with accretion of profits over the years. However, PUIPL is projecting an increase in term loan for setting up two palm oil extraction plants. Total term loan anticipated for the same is Rs.41 crore which is expected to be disbursed partially in FY25 and FY26. With increase in term debt projected, overall gearing is anticipated to deteriorate to 1.18x as of March 31, 2026. Despite deterioration, capital structure is expected to remain at comfortable level. Interest coverage ratio improved and remained satisfactory at 8.11x in FY24 as compared to 7.05x in FY23. Debt to Equity ratio stood satisfactory at 0.93x as of March 31, 2024 which is expected to deteriorate with the anticipated Term loan in the coming years.

Allocation of districts across various states for palm plantation: Plantation division of PUIPL has been growing over the years. The company has been allocated 7 districts in Telangana with a potential area of 86,138 Ha where PUIPL has the exclusive right to cultivate palm trees. The company has established 6 nurseries with a Post-Entry Quarantine (PEQ) facility of 41 Lakh oil palm seedlings per year in Telangana. Apart from Telangana, PUIPL has been allotted 5 districts in Gujarat with a potential area of 13,026 Ha, 3 districts in Odisha with a potential area of 4,390 Ha and expression of interest for 7 districts in Chhattisgarh has been submitted which is currently under process.

Experienced and resourceful promoters: The company is promoted by Mr. Anil Kumar Chigurupati, who has experience of 22 years in the fields like IT/ Agri based Bion Technology/ Construction/ Engineering/ Remittance/ Security/ Event management, etc. Supported by Mr. GVL Prasad a CA by profession who has 4 decades of experience in finance, auditing, taxation and company law. The promoters are assisted by Mr. Satyanarayana. V, the CEO and manages overall business for PUIPL. He is instrumental in designing and executing the EPC contracts and successfully increased the OER for Telangana State Oil Fed and Andhra Pradesh Oil Fed. Day to day operations is supported by professionally qualified team.

Stable industry outlook: The global oil and gas EPC market is on a positive trajectory, with its size projected to increase from \$50.7 billion in 2023 to \$76.3 billion by 2032, reflecting a CAGR of 4.4%. This growth is driven by the industry's demand for efficient project management and integrated solutions, as EPC companies handle the entire project lifecycle, providing a single point of responsibility. This approach ensures streamlined processes and cost-effective project execution, which is crucial for the sector's expansion.

Similarly, the palm oil market is experiencing robust growth, valued at \$70.44 billion in 2023 and expected to grow at a CAGR of 5.1% through 2030. The market's expansion is fuelled by increasing demand from the food, beverage, biofuel, energy, personal care, and cosmetics industries. The Asia Pacific region, particularly Indonesia and Malaysia, dominates production, accounting for 85% of global output. These countries benefit from the availability of raw materials and have established strong export channels, with significant shipments to India, China, and Europe.

Liquidity: Adequate

The liquidity position of the firm remains adequate with gross cash accruals of Rs. 13.21 crore and cash balance of Rs. 20.29 crore vis-a-vis repayment obligation of Rs. 7.02 crore. Utilization of working capital bank borrowings stood at 93.14% for last twelve months ended October 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Pre Unique (India) Private Limited (PUIPL), incorporated on November 13, 2015, is ably managed by Mr. Anil Kumar Chigurupati and Mr. GVL Prasad. The company is engaged in EPC engineering for palm oil producers like Godrej, Patanjali and for state government for Telangana and Andhra Pradesh where the company performs entire feasibility studies, design, engineering, procurement, construction (EPC), erection, commissioning, and Annual Maintenance Contracts (AMC) under EPC contracts. PUIPL also does operations and maintenance services. The company has helped in increasing the Fresh Fruit Bunch (FFB) processing of palm oil mills in Apparaopet, Ashwaraopet run by Telangana Oil Fed and in Pedavegi run by Andhra Pradesh Oil Fed.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	60.40	102.14	24.99
PBILDT	13.63	16.62	5.96
PAT	11.00	12.38	1.78
Overall gearing (times)	1.38	0.93	NA
Interest coverage (times)	7.05	8.11	5.32

A: Audited UA: Unaudited; NA: Not available, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	3.00	CARE BB+; Stable
Fund-based - LT-Term Loan	-	-	-	Proposed	41.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	49.27	CARE A4+
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	0.23	CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	41.00	CARE BB+; Stable				
2	Fund-based - LT-Cash Credit	LT	3.00	CARE BB+; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	49.27	CARE A4+				
4	Non-fund-based - ST-Credit Exposure Limit	ST	0.23	CARE A4+				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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