

Press Release

Uniproducts India Limited

January 25, 2021

Rating

Facilities	Amount (Rs. crore)	Current Rating	Previous Ratings	Rating Action
Long term Bank Facilities	180.00	IVR BB with Stable outlook and withdrawn (IVR Double B with Stable Outlook and withdrawn)	IVR BB+/Stable Outlook (IVR Double B plus with Stable Outlook)	Revised and withdrawn
Short term Bank Facilities	20.00	IVR A4 and withdrawn (IVR Single A Four and withdrawn)	IVR A4+ (IVR Single A Four Plus)	Revised and withdrawn
Total	200.00 (Two-Hundred crore)			

Details of Facilities are in Annexure 1

Rating Action

Infomerics has withdrawn the revised ratings of ‘IVR BB’ (revised from ‘IVR BB+’) to the bank facilities of Uniproducts India Limited with immediate effect. The above action has been taken at the request of Uniproducts India Limited and ‘No Objection Certificate’ received from the bank(s) that have extended the facilities rated by Infomerics.

Detailed Rationales

The revision of the rating to the bank facilities of Uniproducts India Limited is on account of moderation in FY20 operating performance. The rating assigned to the bank facilities of Uniproducts India Ltd. (UIL) derives comfort from experienced promoters with long track record of operations, healthy relationship with reputed clientele, healthy order book position indicating

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comfort in near term revenue generation and equity infusion from promoter indicating intent to support the business. The rating strengths are partially offset by thin profitability, moderation in capital structure backed by capital intensive nature of business and vulnerability to regulatory changes.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with long track record of operations

Operating since 1986, UIL has a long track record of over three decades. UIL is mentored by Dr. Ashwan Kapur, managing director of the company. Dr. Kapur hold the doctorate in Textile Engineering from University of Leeds. He holds experience of over three decades in non-woven textile industry.

Healthy relationship with reputed clientele

UIL has established a healthy relationship of over three decades with the market leaders in the automobile industry namely Maruti Suzuki India Limited (MSIL), Toyota Kirloskar, Honda Cars, Tata Motors and others. Further, UIL currently acts as sole manufacturer of non-woven fabrics and NVH (Noise, Vibration and Harshness) components for Suzuki Motor Gujarat's plant.

Equity infusion from promoter indicating intent to support the business

Promoters have infused the equity of Rs. 5.00 crore in FY20 indicating the intent to support the business as and when required.

Key Weaknesses

Thin profitability

The financial risk profile of the company remained moderate marked by its thin profitability on account of capital-intensive nature of business along with regular maintenance capital expenditure leading to high interest cost and repayment obligation on term loan borrowing. The company is operating at a thin EBITDA margins in the range of 10%-11% in the past three years and PAT



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margin in the range of 1% to 3% over the aforesaid period. However, gross cash accruals of the company remained adequate to serve the interest and debt obligations.

Moderation in capital structure backed by capital intensive nature of business

Capital structure of the company consists of working capital facilities and term loan borrowings. UIL has incurred capital expenditure for establishing Gujarat plant and also on regular maintenance of existing facilities through term loan borrowing. The borrowing over past three fiscals has led to moderation in capital structure. UIL has reported the overall gearing ratio at 2.65x as on March 31, 2020 against 1.78x as on March 31, 2018.

Vulnerability to regulatory changes

The automobile industry is going through a transition phase due to implementation of BS-VI norms which has led to decline in automobile sales. However, a revival of industry growth is expected from the second quarter of the next financial year (July 2021) with the effects expected to be visible from the third quarter of the year. The liquidation of BS-IV stock and the building of new inventory with BS-VI norms will give some upside to production and sale.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Sector

Financial Ratios & Interpretation (Non- Financial Sector)

Policy on Withdrawal of ratings

Liquidity: Stretched

UIL liquidity outlook is stretched on account of high debt repayments against low cash accruals expected for fiscal FY21. UIL has a capital-intensive nature of business leading to moderately leveraged capital structure. However, strong order book position and reputed clientele imparts some comfort for the near-term revenue visibility. Moreover, equity infusion of Rs. 5.00 crore in

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FY20 from promoters indicated the intent of promoters to support the business as and when required.

About the Company

Incorporated in year 1982 as International Spinners private limited, later changed to public limited company in 1984. Later in 1985 company was renamed to Uniproducts India Limited (UIL). UIL commenced the operations in 1986 with the manufacturing of needle punched non-woven consumer products such as carpets, blankets and other consumer products. Later, in 1992 company diversified operations into automotive sector through the manufacturing of moulded carpets and trims to renowned automobile companies. Henceforth, UIL diversified into manufacturing of other automotive components used for acoustic and thermal insulation of automobiles also known as NVH (noise, vibration and harshness). UIL products are sold under the renowned brand name of “UNITEX”.

Financials (Standalone):

(Rs. crore)

For the year ended*	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	343.01	259.40
EBITDA	34.30	-0.16
PAT	3.78	-19.34
Total Debt	157.56	161.26
Tangible Net worth	75.04	60.79
EBITDA Margin (%)	10.00	-0.06
PAT Margin (%)	1.09	-7.29
Overall Gearing Ratio (x)	2.10	2.65

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

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Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	50.00*	IVR BB with Stable outlook and withdrawn	IVR BB+ / Stable as on April 22, 2020		-	-
2.	Term loan	Long Term	130.00**	IVR BB with Stable outlook and withdrawn	IVR BB+ / Stable as on April 22, 2020		-	-
3.	LC/BG	Short Term	20.00	IVR A4 and withdrawn	IVR A4+ as on April 22, 2020			

* Rs.5.00 crore of facilities is on proposed basis

** Rs.16.00 crore of facilities is on proposed basis

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.

Name and Contact Details of the Rating Analyst:

<p>Name: Mr. Ravi Malik Tel: (011) 24655636 Email: rmalik@infomerics.com</p>

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence

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in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities-Term Loan**	-	-	July, 2029	130.00	IVR BB / Stable and Withdrawn
Long Term Bank Facilities-Cash Credit*	-	-	-	50.00	IVR BB / Stable and Withdrawn
Short Term Bank Facilities-LC/BG	-	-	-	20.00	IVR A4 and withdrawn

* Rs.5.00 crore of facilities is on proposed basis

** Rs.16.00 crore of facilities is on proposed basis