

Rating Advisory

May 09, 2019| Mumbai

Advisory as on May 09, 2019

This rating advisory is provided in relation to the rating of Uniply Decor Limited.

CRISIL vide its publication dated April 12, 2019 highlighted the aspect of non-co-operation by Uniply Decor Limited.

Uniply Decor Limited has now shared the information requested and is cooperative.

You may access the Rating Rationale as appended below.

Rating Rationale

February 12, 2018 | Mumbai

Uniply Decor Limited

Rating Action

Total Bank Loan Facilities Rated	Rs.60 Crore
Long Term Rating	CRISIL BB+/Stable
Short Term Rating	CRISIL A4+

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL rating on the bank facilities of Uniply Decor Limited (UDL) continues to reflect established market presence in the plywood segment with strong brand 'Uniply' and above-average financial risk profile. These strengths are mitigated by susceptibility of margin volatility due to intense competition and working capital intensive operations.

Key Rating Drivers & Detailed Description

Strengths

*** Established market presence in the plywood segment:** UDL is one of India's leading plywood manufacturers, with a sizeable presence in the organised segment. The Uniply brand, under which plywood is sold, has strong brand equity and an established distribution network across the country. The company's products cater to niche segments and has an image as a quality manufacturer.

*** Above-average financial risk profile:** UDL has an above average financial risk profile with a comfortable capital structure and debt protection metrics.

Weakness:

*** Susceptibility of margin volatility due to intense competition:** Despite its established market position, UDL faces intense competition from several players in the wood panel industry. Further, availability of cheaper substitutes such as imported particle board, also affects profitability.

*** Working capital intensive operations:** UDL is expected to report high gross current assets for fiscal 2018, largely on account of its higher inventory holding and receivable for its customers.

Outlook: Stable

CRISIL believes that UDL will continue to benefit over the medium term from its established market position in the industry. The ratings may be upgraded if the company reports improvement in scale of operations and sustainability in operating profitability, while also improving the working capital management. Conversely, the rating may be downgraded if the company's working capital cycle is stretched further, or if its profitability declines substantially, resulting in deterioration in its financial risk profile.

About the Company

Incorporated in 1991, UDL began operations as a non-banking finance company under the name, Paro Leasing & Finance Ltd. However, from 2005, the company began business of trading plywood and allied products under the name, UV Boards Ltd. In August 2017, the company's board of directors had approved purchase of plywood division of Uniply Industries Ltd (CRISIL BBB-/Stable/CRISIL A3), for a consideration of Rs.264 crore. This transaction involved payment of Rs.111 crore to UIL, through issuance of shares, resulting in increase in shareholding of UIL to 37.11 percent in UDL. Post this transaction, the company was renamed as Uniply Decor Ltd.

The recently acquired plywood business has manufacturing facilities located in Tamil Nadu and Gujarat. Mr. Keshav Kantamneni is the Executive Chairman of the company.

Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	17.77	57.78
Profit After Tax	Rs. Cr.	-1.01	0.12
PAT Margins	%	-5.7	0.2
Adjusted Debt/Adjusted Net worth	Times	0.81	0.63
Interest coverage	Times	-0.04	1.39

Status of non cooperation with previous CRA

UDL has not cooperated with ICRA which has classified it as issuer not cooperative vide release dated July 28, 2017. The reason provided by ICRA is non-furnishing of information for monitoring of ratings.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
NA	Working Capital Demand Loan	NA	NA	NA	45.0	CRISIL BB+/Stable
NA	Proposed short term bank loan facility	NA	NA	NA	15.0	CRISIL A4+

Annexure - Rating History for last 3 Years

Instrument	Current			2018 (History)		2017		2016		2015		Start of 2015
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	60	CRISIL BB+/Stable / CRISIL A4+	25-01-18	CRISIL BB+/Stable / CRISIL A4+		--		--		--	--

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Proposed Short Term Bank Loan Facility	15	CRISIL A4+	Proposed Long Term Bank Loan Facility	15	CRISIL BB+/Stable
Working Capital Demand Loan	45	CRISIL BB+/Stable	Proposed Short Term Bank Loan Facility	45	CRISIL A4+
Total	60	--	Total	60	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Criteria for rating short term debt](#)

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