

## Rating Advisory

September 04, 2019 | Mumbai

### Uniproducts India Limited

#### Advisory as on September 04, 2019

This rating advisory is provided in relation to the rating of Uniproducts India Limited

The key rating sensitivity factors for the rating include:

- Scale of operations and profitability
- Funding support from promoters
- Capex and its funding pattern
- Demand from end user industries
- Working capital management

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Uniproducts India Ltd (UIL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If UIL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

#### About the company

Incorporated in 1982 in New Delhi as a closely held limited company and promoted by Dr. Ashwan Kapur and Mr. Ravinder Mehra, UIL manufactures textile-based NVH parts, moulded carpets, trims and roof-liner fabrics, and trades in imported lifestyle products such as, laminate flooring, engineered wood, tufted wall-to-wall carpets, carpet tiles, sports flooring, decorative grass and wall paper, which find application in the hospitality and residential sectors. The Company's manufacturing units are situated at Rewari, Haryana, Gujarat and Chennai.

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## Rating Rationale

December 07, 2018 | Mumbai

### Uniproducts India Limited

'CRISIL BBB/Stable/CRISIL A3+' assigned to bank debt

#### Rating Action

Total Bank Loan Facilities Rated	Rs.191.03 Crore
Long Term Rating	CRISIL BBB/Stable (Assigned)
Short Term Rating	CRISIL A3+ (Assigned)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL has assigned its '**CRISIL BBB/Stable/CRISIL A3+**' ratings to the bank loan facilities of Uniproducts India Limited (UIL).

The rating reflects the company's established position in the auto components industry, longstanding relationship with leading passenger vehicle original equipment manufacturers (OEMs), and increasing scale of operations. These strengths are partially offset by exposure to cyclicalities and competition in the auto industry, client concentration in revenue, and modest financial risk profile due to high gearing.

#### Key Rating Drivers & Detailed Description

##### Strengths:

\* **Established market position:** UIL has a strong presence in the noise, vibration, and harshness (NVH) parts and non-woven fabric segments, which has led to healthy client relationship.

\* **Strong ties with leading passenger vehicle OEMs:** UIL has been associated with leading OEMs, particularly Maruti Suzuki India Ltd (MSIL) that accounts for nearly half of UIL's total revenue. Over the past few years, it has also been able to gain healthy business from Toyota Kirloskar Motors Ltd, Tata Motors Ltd, and Honda Cars India Ltd.

\* **Increasing scale of operations:** Revenue has improved year-on-year on the back of established relationship with existing OEMs. Apart from gaining new business from its legacy products, the company has been able to add clients through product innovation and diversification in trading of lifestyle products such as floor matting and carpets.

##### Weaknesses

\* **Exposure to cyclicalities and competition in the auto industry:** The Indian auto industry is highly fragmented, with higher revenue coming from the organised segment. The segment is also exposed to cyclicalities. Hence, profitability will remain susceptible to increasing competition and pricing pressure from auto OEMs.

\* **Client concentration in revenue:** MSIL accounts for nearly 50% of total revenue. This has resulted in revenue concentration from single client. However, UIL has taken steps to improve order flow from other OEMs through diversification and expansion.

\* **Modest financial risk profile:** Networth was small and gearing high, at Rs. 69 crore and 2.99 times, respectively, as on March 31, 2018. However, debt protection metrics were comfortable, with interest coverage and net cash accrual to total debt ratios of 3.2 times and 0.17 time, respectively, in fiscal 2018. The company has undertaken capex in the last two years to set up a new plant and expand capacity. With further capex of Rs. 44 crore (to be debt-funded by 75%) planned over the medium term, gearing is expected to remain weak.

## Outlook: Stable

CRISIL believes that UIL will benefit over the medium term from the established presence in the industry and promoters' funding support. The outlook maybe revised to 'Positive' in case of a substantial increase in the company's cash accruals driven by increase in scale of operations and profitability along with continued funding support from promoters and efficient working capital management. Conversely, the outlook may be revised to 'Negative' if the company generates lower-than-expected cash accruals or its working capital requirements are larger-than-expected or it undertakes a larger than-expected capex programme leading to further deterioration in its liquidity.

## Liquidity: Adequate

UIL Ltd has adequate liquidity driven by expected cash accruals of over Rs.23 crore per annum in FY19 and FY20 and cash and cash equivalents of Rs.8.95 crore as on March 31, 2018. Against this, the company has long term repayment obligations around Rs.6.5 crore each in FY19 and FY20. UIL also has access to fund based limits of Rs.45 crore, utilized to the tune of 75% on an average over the 12 months ended Sept 2018. Further, UIL has capex plans of around Rs. 44 crore (to be debt-funded by 75%) in the next two fiscal years. CRISIL expects internal accruals, cash & cash equivalents and unutilized bank lines to be sufficient to meet its incremental repayment obligations as well as working capital requirements.

## About the Company

Incorporated in 1982 in New Delhi as a closely held limited company and promoted by Dr. Ashwan Kapur and Mr. Ravinder Mehra, UIL manufactures textile-based NVH parts, moulded carpets, trims and roof-liner fabrics, and trades in imported lifestyle products such as, laminate flooring, engineered wood, tufted wall-to-wall carpets, carpet tiles, sports flooring, decorative grass and wall paper, which find application in the hospitality and residential sectors. The Company's manufacturing units are situated at Rewari, Haryana, Gujarat and Chennai.

## Key Financial Indicators

As on/for the period ended March 31	Unit	2018	2017
Operating income	Rs crore	338.43	284.29
Profit After Tax (PAT)	Rs crore	7.54	2.84
PAT Margins	%	2.20	1.00
Adjusted Debt/Adjusted Networth	Times	1.83	1.51
Interest coverage	Times	3.20	2.52

**Status of non cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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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	Long Term Loan	NA	NA	Mar-2022	121.03	CRISIL BBB/Stable
NA	Cash Credit	NA	NA	NA	50.00	CRISIL BBB/Stable
NA	Inland/Import Letter of Credit	NA	NA	NA	20.00	CRISIL A3+

## Annexure - Rating History for last 3 Years

	Current			2018 (History)		2017		2016		2015		Start of 2015
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	171.03	CRISIL BBB/Stable		--		--		--		--	--
Non Fund-based Bank Facilities	LT/ST	20.00	CRISIL A3+		--		--		--		--	--

All amounts are in Rs.Cr.

## Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Long Term Loan	121.03	CRISIL BBB/Stable	--	0	--
Cash Credit	50	CRISIL BBB/Stable	--	0	--
Inland/Import Letter of Credit	20	CRISIL A3+	--	0	--
<b>Total</b>	<b>191.03</b>	<b>--</b>	<b>Total</b>	<b>0</b>	<b>--</b>

## 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](#)

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