

## Press Release

03 March, 2017

### Upper India Smelting And Refinery Works

#### Rating Assigned

<b>Total Bank Facilities Rated *</b>	Rs.15.00 Cr
<b>Long Term Rating</b>	SMERA BB-/Stable
<b>Short Term</b>	SMERA A4+

\*Refer Annexure for details

#### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA BB minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 15.00 crore bank facilities of Upper India Smelting And Refinery Works. The outlook is '**Stable**'.

Upper India Smelting and Refinery Works (UISRW), incorporated in 1959 is a Haryana-based proprietorship firm engaged in the manufacturing of zinc oxide. The company has an installed capacity of 4800 metric tonnes and is led by Mr. Atul Gupta who possesses experience of over two decades in the chemical industry.

#### Key Rating Drivers

##### Strengths

- **Experienced management and long track record of operations**

UISRW was established in 1959. The promoter, Mr. Atul Gupta has around two decades of experience in the industry.

- **Moderate financial risk profile**

The moderate financial profile of the firm is marked by comfortable gearing of 0.82 times in FY2016 as compared to 1.12 times in FY2015. The interest coverage ratio of the firm stands moderate at 1.66 times in FY2016 as compared to 2.11 times in FY2015. The operating margin of the firm stands at 5.46 per cent in FY2016 as compared to 6.27 per cent in FY2015. The RoCE of the firm stands healthy at 13.76 per cent in FY2016 as compared to 16.39 per cent in FY2015. The net profitability stands at 1.77 per cent in FY2016 as compared to 2.98 percent in the previous year.

##### Weaknesses

- **Modest scale of operations**

UISRW has modest scale of operations of Rs.57.48 cr in FY2016 as compared to Rs.63.40 cr in FY2015.

- **Intense competition**

The firm faces intense competition from various players which is likely to have an impact on its operating performance and profitability.

#### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the firm.

#### **Outlook: Stable**

SMERA believes that the outlook will remain stable owing to the long track of operations and experienced management. The outlook may be revised to Positive in case the firm registers substantial growth in revenue and capital structure. Conversely, the outlook may be revised to Negative in case of deterioration in the financial risk profile.

#### **About the Rated Entity - Key Financials**

For FY2016, the firm reported profit after tax (PAT) of Rs.1.02 cr on operating income of Rs.57.48 cr as compared to Rs.1.89 cr on operating income of Rs.63.40 cr for FY2015. The net worth stands at Rs.10.67 cr in FY2016 as against Rs.10.77 cr last year.

#### **Status of non-cooperation with previous CRA (if applicable)**

None

#### **Any other information**

None

#### **Applicable Criteria**

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

#### **Note on complexity levels of the rated instrument**

<https://www.smera.in/criteria-complexity-levels.htm>

#### **Rating History (Upto last three years)**

Not Applicable

#### **\*Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA BB- / Stable
Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	0.75	SMERA A4+
Proposed	Not Applicable	Not Applicable	Not Applicable	5.25	SMERA BB- / Stable

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**ABOUT SMERA**

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