

Press Release

Upper India Inorganic Industries Limited

July 31, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 16.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+** (**read as SMERA B plus**) on the Rs. 16.00 crore bank facilities of Upper India Inorganic Industries Limited. The outlook is '**Stable**'.

Upper India Inorganic Industries Limited (UIIL) incorporated in 1995 is a Haryana-based company established by Mr. Atul Gupta, Mr. Amit Gupta, Mr. Aakarsh Gupta and Mr. Rahul Goyal. The company is engaged in the manufacturing of zinc oxide and has an installed capacity of 4800 metric tonnes. The operations commenced in 2016.

Key Rating Drivers**Strengths****• Experienced management**

The promoters, Mr. Atul Gupta, Mr. Amit Gupta, Mr. Aakarsh Gupta and Mr. Rahul Goyal have over a decades experience in the chemical industry. The business is also supported by second line of management.

• Moderate financial riskprofile

The company commenced operations in 2016. The financial risk profile is marked by networth of Rs.4.88 crore as on 31 March, 2017 (Provisional). The interest coverage of the company stood at 3.88 times (Provisional) with net cash accrual by total debt (NCA/TD) of 0.17 times (Provisional) in FY2017. The gearing stood at a high of 2.33 times (Provisional) in FY2017 on account of networth of Rs.4.88 crore compared to total debt of Rs.11.35 crore in the previous year. The total debt includes unsecured loan of Rs. 4.91 crore and working capital facility of Rs. 6.44 crore. SMERA expects the firm to continue its moderate risk profile over the near to medium term. Further, the company's ability to improve its net worth along with debt protection metrics will remain key credit monitorables.

Weaknesses**• Short track record of operations**

The company has limited track record of operations. While UIIL was incorporated in 1995, operations commenced only in 2016.

• Intense competition

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

Analytical Approach

SMERA has considered the standalone business and financial risk profile of the company.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook over the medium term on the back of

the management's extensive experience in the chemical industry. The outlook may be revised to 'Positive' if the company achieves higher than the projected growth in revenues and profitability or improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile due to debt-funded capital expenditure.

About the Rated Entity - Key Financials

For FY2017 (Provisional), UIIL reported PAT of Rs.1.42 crore on operating income of Rs.23.77 crore. The net worth stood at Rs.4.88 crore in FY2017 (Provisional).

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	14.00	SMERA B+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA B+ / Stable

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ABOUT SMERA

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