

## Press Release

### Uma Plastoware Private Limited

July 04, 2018

### Rating Assigned



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 10.00 crore bank facilities of Uma Plastoware Private Limited. The outlook is '**Stable**'.

Uma Plastoware Private Limited (UPPL) was incorporated in 1991 and started its operations in 1994 by Mr. Pavan Gupta and family. The company is engaged in manufacture of plastic molded components for the household sector. UPPL's plant is located in Pune with a manufacturing capacity to produce 300 MT per month of plastic molded components and 200 tonnes per month of disposable plastic products for exports.

## Key Rating Drivers

### Strengths

- **Established track record of operations and experienced management**

UPPL was incorporated in 1997 by Mr. Pavan Gupta and family. Thereby establishing track record of operations for around two decades. Mr. Gupta has around two decades of experience in the plastic components industry. Acuite believes that the company will sustain the exiting business profile on the back of experienced management.

### Weaknesses

- **Below Average financial risk profile**

The financial risk profile of UPPL is below average marked by tangible net worth of Rs.6.94 crore as on 31 March, 2018 (Provisional) as against Rs.6.48 crore as on 31 March, 2017. The gearing stood high at 3.18 times as on 31 March, 2018 (Provisional) as against 3.22 times as on 31 March, 2017. The total debt outstanding of Rs.22.04 crore as on 31 March, 2018 (Provisional) comprises Rs.9.41 crore as term loan from the bank, Rs.3.00 crore as unsecured loans from the directors and Rs.9.63 crore as working capital limits from the bank. The interest coverage ratio (ICR) stood at 1.62 times in FY2018 (Provisional) as against 1.53 times in FY2017. Debt service coverage ratio (DSCR) stood at 1.12 times in FY2018 (Provisional) as against 1.21 times in FY2017. The net cash accruals stood at Rs.1.52 crore in FY2018 (Provisional) as against Rs.1.09 crore in FY2017. Net cash accruals to total debt ratio stood at 0.07 times in FY2018 (Provisional) as against 0.05 times in FY2017. Acuite believes that UPPL will sustain the financial risk profile on the back of improvement in net cash accruals generation over the near to medium term.

- **Exposure to movement in crude oil prices**

Acuite believes that UPPL's operating cash flows will remain susceptible to fluctuations in crude oil prices. Adverse movement in crude oil price can adversely affect its debt servicing ability. Consequently, the company's ability to pass on the increase in raw material prices to its customers in the light of strengthening of crude oil prices shall remain a rating sensitivity factor.

- **Working capital intensive nature of operations**

The company has registered an improvement in its working capital although it continues to remain intensive. UPPL's Gross Current Assets stood at 222 days in FY2018 (Provisional) against 255 days in FY2017. This improvement is on account of lower inventory days of 181 days in FY2018 (Provisional) against 218 days in FY2017. Further, the debtors stood at 53 days in FY2018 (Provisional) against 49 days in FY2017.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Uma Plastoware Private Limited to arrive at this rating.

### Outlook: Stable

Acuite believes that UPPL will maintain a 'Stable' outlook over the medium term on account of its experienced management, gradual increase in the scale of operations and healthy profitability indicators. The outlook may be revised to 'Positive' in case of sustained increase in scale of operations while maintaining its profitability indicators. Conversely the outlook may be revised to 'Negative' in case of substantial increase in gearing and/or higher than expected deterioration in profitability margins.

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	29.62	24.06	21.83
EBITDA	Rs. Cr.	3.80	3.38	2.84
PAT	Rs. Cr.	0.46	0.11	0.12
EBITDA Margin	(%)	12.82	14.07	13.00
PAT Margin	(%)	1.54	0.47	0.56
ROCE	(%)	10.63	9.38	10.00
Total Debt/Tangible Net Worth	Times	3.18	3.22	3.03
PBDIT/Interest	Times	1.62	1.53	1.31
Total Debt/PBDIT	Times	5.51	6.14	6.78
Gross Current Assets (Days)	Days	222	255	283

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.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	10.00	ACUITE B / Stable

## Contacts

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### About Acuité Ratings & Research:

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