

Press Release

Upaj Investment And Finance Private Limited

August 31, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B** (read as ACUITE B) on the Rs. 8.00 crore bank facilities of Upaj Investment And Finance Private Limited. The outlook is '**Stable**'.

Upaj Investments & Finance Private Limited (UIFPL), incorporated in the year 1990, was engaged in investing in shares & stocks of companies for long term purposes. However, in the year 2018, the company ventured into manufacturing punnets & clamshells under the same brand name. The said products are widely used in packaging fruits, eggs, meat & other perishable products. The company has imported machineries from Japan for the same. The manufacturing unit is located at Vapi, Gujarat & warehouse unit at Panvel. The company has obtained necessary registrations for starting the manufacturing and the same is expected to start by May 2019. The company plans to export majority of its products to Mediterranean Countries, where Fruits / Vegetables are grown. To name a few, Spain, Italy, South Africa, Mexico, California, etc.

Key Rating Drivers

Strengths

- **Experienced promoters**

The promoter directors Mr. Ghanshyamlal Parekh, Mr. Janak Parekh & Mr. Tejas Parekh have an extensive experience of handling different businesses. They are engaged in the business of manufacturing ampoules, tubes, glass vials, glass bottles, punnets & clamshells, through various entities like M/s Bombay Glass Blowing Industries, Injecta Ampoule Private Limited & Upaj Polycon Private Limited. ACUITE believes that the experience of all the promoters of running various businesses successfully backed with the support of technical expertise will benefit UIFPL.

Weaknesses

- **Initial stage of operations**

MSPL is exposed to risks related to initial stages of operation and ability to venture into the export market. UIFPL shall commence its operations from May 2019. ACUITE believes that the company's ability to scale up operations will remain crucial in maintaining a stable credit risk profile.

- **Stiff Competition from existing players**

The industry of manufacturing punnets & clamshells is marked by the presence of various small to large sized players who have extensive experience in the said industry. UIFPL's ability to compete with these players and ability to sustain will remain one of the most crucial criteria.

- **Off take risk**

The company is exposed to off take risk since the production is expected to start by May 2019. Any delay in the production facilities shall impact the operations & profitability of the company.

Analytical Approach

Acuité has considered standalone business and financial risk profile of UIFPL to arrive at the rating.

Outlook: Stable

ACUITE believes that UIFPL will continue to maintain a stable outlook in the medium term on the back of its experienced management. The outlook may be revised to 'Positive' if the company generates

substantial and sustainable revenues or operating margins. Conversely, the outlook may be revised to 'Negative' in case of delay in production execution or in case of lower than expected revenues and net cash accruals leading to deterioration in the financial risk profile, particularly liquidity.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.15	1.25	0.14
EBITDA	Rs. Cr.	1.18	1.21	0.12
PAT	Rs. Cr.	0.25	1.21	0.12
EBITDA Margin	(%)	37.46	96.56	90.70
PAT Margin	(%)	7.95	96.56	90.70
ROCE	(%)	4.59	41.35	10.58
Total Debt/Tangible Net Worth	Times	1.21	0.00	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	5.93	0.00	0.00
Gross Current Assets (Days)	Days	367	437	4021

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

None

Any other information

None

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	1.00	ACUITE B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE B / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B / Stable

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About Acuité Ratings & Research:

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