



**Press Release**  
**Uniglobal Papers Private Limited**  
**August 19, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	48.79	ACUITE BBB-   Stable   Downgraded	-
Bank Loan Ratings	7.91	-	ACUITE A3   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	56.70	-	-

**Rating Rationale**

Acuite has downgraded its long term rating to '**ACUITE BBB-**' (read as **ACUITE Triple B minus**) from '**ACUITE BBB**' (read as **ACUITE Triple B**) and short term rating to '**ACUITE A3**' (read as **ACUITE A three**) from '**ACUITE A3+**' (read as **ACUITE A three plus**) on Rs. 56.70 crore bank facilities of UNIGLOBAL PAPERS PRIVATE LIMITED (UPPL). The outlook is '**Stable**'.

**Rationale for rating**

The rating is downgraded due to the stretched liquidity, intensive working capital operations and weakening of debt protection metrics. However, rating gets comfort from experienced management and improving operation of the company in terms of volume sales sold in FY2024.

**About the Company**

Incorporated in 2003, Uniglobal Papers Private Limited (UPPL), [erstwhile Agio Industries Limited] is promoted by Mr. Rahul Tikmani. Based in Kolkata, UPPL is engaged in the production of coated duplex board. Currently the company has enhanced the production capacity from 33,000 MTPA to 49,500 MTPA.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuité has considered the standalone business and financial risk profile of Uniglobal Papers Private Limited (UPPL) to arrive at this rating.

### **Key Rating Drivers**

#### **Strengths**

##### **Established operations and experienced management**

UPPL has a long track record of operations of around two decades in the paper industry. The company is supported by the decade long expertise of the director, Mr. Rahul Tikmani, along with a set of experienced professionals. Acuité believes that, going forward, the established clientele relationships and the experienced management will continue to support the company's growth plans.

##### **Stable business risk profile albeit decline in revenues**

The company has reported revenue of Rs. 121.31 Crore in FY24 (prov.) against Rs. 146.13 Crore in FY23. This dip in top line of the company is because volatility in price realization.

However, the volume sales has increased to 31292.06 MT in FY2024 (prov.) from 28655 MT in FY2023. The margins have also remained volatile with margins at 7.37 % in FY 2024 (Prov) against 6.06% in FY2023 and 9.81% in FY2022.

### **Weaknesses**

#### **Moderate Financial Risk Profile**

The financial risk profile of the company is marked by adjusted net-worth of Rs. 76.59 Crore in FY24 (prov.) against Rs. 75.76 Crore in FY23 due to small accretion to reserves. Acuite has treated the unsecured loans of Rs. 33.96 Cr. as quasi equity due to an undertaking received from management to retain such amount in the business over the medium term. The total debt of the company stood at Rs. 51.33 Crores in FY24 (prov.) which consists of long term debt of Rs. 16.88 Crore, Short term debt of Rs. 27.32 Crore and CPLTD of Rs. 7.14 Crore. Further, the debt-equity ratio of the company stood at 0.67 times in FY24 (prov.) against 0.73 times in FY23. The interest coverage ratio of the company stood at 1.92 times in FY24 (prov.) against 2.46 times in FY23. The DSCR of the company stood at 0.91 times in FY24 (prov.) against 1.34 times in FY23 and TOL/TNW ratio stood at 1.02 times in FY24 (prov.) against 1.00 times in FY23.

#### **Working capital operations**

The working capital operations of the company is intensive marked by GCA days of 157 days in FY24 (prov.) against 136 days in FY23. There is an increase in the GCA days due to the debtor days of the company which stood at 77 days in FY24 (prov.) against 30 days in FY23, creditor days of the company stood at 25 days in FY24 (prov.) against 10 days in FY23. However, inventory days stood at 74 days in FY24 (prov.) against 80 days in FY23.

#### **Highly fragmented and competitive industry**

The recycling industry is highly fragmented with several organized and unorganized players, thereby impacting the company's profitability. Players in the industry have to comply with stringent, and effluent treatment norms of pollution control boards and complete discretion of the government, which led to high compliance risks. However, most pulp-based paper mills has adopted environment friendly technologies to minimize wastage and maximize recycling/reuse materials to produce eco-friendly paper. Also, the domestic industry faces immense competition of imports from Asian countries, which are of superior quality and of lower prices. Acuite believes that adherence to several environmental regulations and continuous investments are required to comply with the norms, which is likely to impact the profitability.

### **Rating Sensitivities**

- Improving the profitability margins.
- Improvement in debt protection metrics
- Elongation in working capital cycle

### **Liquidity Position**

#### **Stretched**

The liquidity profile of the company is stretched. The net cash accruals of company stood at Rs. 4.89 Cr. in FY 24 (prov.) against the CPLTD of Rs. 5.85 Cr. The shortfall of debt obligation was paid by squeezing the working capital of the company. The company had cash & bank position of Rs. 0.08 Cr. and current ratio stood at 1.25 times for FY 24 (prov.). The average fund based bank limit utilization is at 89.67% and non-fund based bank limit utilization is at 49.42% for the 6 months' period ending June 2024. Acuite believes that the liquidity of the Company would remain stretched due to tightly matched small accruals against debt obligations, modest current ratio and high fund based bank limit utilization over the medium term.

### **Outlook: Stable**

Acuite believes that the outlook of the company will remain 'Stable' over the medium term on account of the long track record of operations, and experienced management. The outlook may be revised to 'Positive' in case of significant growth in revenue while achieving sustained improvement in operating margins, improvement in debt protection metrics and working capital management. Conversely, the outlook may be revised to 'Negative' in case of

decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile or further elongation in its working capital cycle.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	121.31	146.13
PAT	Rs. Cr.	1.32	1.74
PAT Margin	(%)	1.09	1.19
Total Debt/Tangible Net Worth	Times	0.67	0.73
PBDIT/Interest	Times	1.92	2.46

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 May 2023	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BBB   Stable (Assigned)
	Covid Emergency Line.	Long Term	2.04	ACUITE BBB   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.50	ACUITE BBB   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.06	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	14.60	ACUITE BBB   Stable (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB   Stable (Reaffirmed)
05 Jul 2022	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	5.32	ACUITE BBB   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.38	ACUITE BBB   Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE BBB   Stable (Assigned)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.70	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	0.30	ACUITE A3+ (Reaffirmed)
24 Jun 2022	Proposed Long Term Bank Facility	Long Term	0.68	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	5.32	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Letter of Credit	Short Term	4.00	ACUITE A3+ (Upgraded from ACUITE A3)
10 May 2021	Cash Credit	Long Term	20.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.66	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	5.84	ACUITE BBB-   Stable (Assigned)
	Letter of Credit	Short Term	3.50	ACUITE A3 (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A3   Downgraded ( from ACUITE A3+ )
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	27.50	ACUITE BBB-   Stable   Downgraded ( from ACUITE BBB )
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2027	Simple	1.77	ACUITE BBB-   Stable   Downgraded ( from ACUITE BBB )
Indian Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE A3   Downgraded ( from ACUITE A3+ )
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.50	ACUITE BBB-   Stable   Downgraded ( from ACUITE BBB )
Not Applicable	Not avl. / Not appl.	Proposed Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.91	ACUITE A3   Downgraded ( from ACUITE A3+ )
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2029	Simple	13.62	ACUITE BBB-   Stable   Downgraded ( from ACUITE BBB )
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2027	Simple	3.40	ACUITE BBB-   Stable   Downgraded ( from ACUITE BBB )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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