

Press Release
UIC UDYOG LIMITED
October 16, 2024
Rating Downgraded



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term
Bank Loan Ratings	15.00	ACUITE C Downgraded	-
Bank Loan Ratings	25.00	ACUITE D Downgraded	-
Bank Loan Ratings	20.00	-	ACUITE A4 Downgraded
Bank Loan Ratings	10.00	-	ACUITE D Downgraded
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BBB-**' (read as **ACUITE Triple B Minus**) for bank facilities of Rs.25 Cr. and downgraded its long term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB-**' (read as **ACUITE Triple B Minus**) for bank facilities of Rs.15 Cr. of UIC Udyog Limited (UIC).

Acuite has downgraded its short-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.10.00 crore bank facilities of and downgraded its short-term rating to '**ACUITE A4**' (read as **ACUITE A Four**) from '**ACUITE A3**' (read as **ACUITE A Three**) for the bank facilities of Rs. 20 Cr. of UIC Udyog Limited (UIC).

Rationale of Rating Downgrade

The downgrade is based on delays reported in servicing of debt obligation in credit bureau information report and bank statement of UIC.

About the Company

Incorporated in 1995, UIC Udyog Ltd (UIC) is a Kolkata based company engaged in manufacturing of non-alloy steel wires. The company has two manufacturing units at Kalyani and Khanyan with an aggregate installed capacity of 60000 tonnes per annum for steel wire and 48000 tonnes per annum for galvanizing line. The company has a power purchase agreement with Maharashtra Electricity Distribution Company Ltd for its 5 MW of wind mill capacity. The company is promoted by Laser Power and Infra Private Limited (LPIPL) among others and is currently being managed by Mr. Devesh Goel, Mr. Debashish Rout and Mr. Akshat Goel.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of UICUL to arrive at the rating.

Key Rating Drivers

Strengths

Strong Parentage

Laser Power and Infra Private Limited (LPIPL) acquired 51 per cent stake in UICUL in June 2021 and continues to be its parent. The balance is held by Mr. Deepak Goel, the key promoter and his family. LPIPL is an established player in the cable and conductor segment and is promoted by Purushottam Dass Goel and his son Mr. Deepak Goel. UIC is currently being managed by Mr. Devesh Goel, Mr. Debashish Rout and Mr. Akshat Goel. Acuite believes that UIC's strong parentage will augur well for its overall operating performance.

Weaknesses

Instance of delay in servicing of debt obligation

Instance of delay in servicing of term loan obligation by the company in recent past is observed in its loan account

statement and has also been reported in its credit bureau information report.

Rating Sensitivities

> Timely servicing of debt obligations

Liquidity Position

Stretched

Liquidity position of the company is marked stretched due to instance of delay in servicing of term loan obligation by the company in recent past.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	122.49	173.79
PAT	Rs. Cr.	0.82	44.07
PAT Margin	(%)	0.67	25.36
Total Debt/Tangible Net Worth	Times	0.14	0.05
PBDIT/Interest	Times	2.57	69.98

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>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 Mar 2024	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
20 Jan 2023	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Reaffirmed)
19 Nov 2021	Letter of Credit	Short Term	5.00	ACUITE A3 (Assigned)
	Proposed Cash Credit	Long Term	20.00	ACUITE BBB- Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	20.00	ACUITE BBB- Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Indusind Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
RBL Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE D Downgraded (from ACUITE A3)
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE C Downgraded (from ACUITE BBB-)
Indusind Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE C Downgraded (from ACUITE BBB-)
RBL Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE D Downgraded (from ACUITE BBB-)
Indusind Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
RBL Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Dec 2028	10.00	Simple	ACUITE D Downgraded (from ACUITE BBB-)

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About Acuité Ratings & Research

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