



**Press Release**  
**UIC Udyog Limited**  
**November 13, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE BB+   Stable   Upgraded	-
Bank Loan Ratings	30.00	-	ACUITE A4+   Upgraded
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating of ‘ACUITE BB+’ (read as ACUITE Double B plus) from ‘ACUITE C’ (read as ACUITE C) and ‘ACUITE D’ (read as ACUITE D) on Rs.40.00 Cr. bank facilities and upgraded its short-term rating of ‘ACUITE A4+’ (read as ACUITE A four plus) from ‘ACUITE D’ (read as ACUITE D) and ‘ACUITE A4’ (read as ACUITE A four) on the Rs 30.00 Cr. bank facilities of UIC Udyog Limited (UICUL). The outlook is ‘Stable’.

**Rationale for the rating upgrade**

The rating upgrade is on account of regularisation of bank loan account conduct, stable operating performance and moderate financial risk profile of UICUL. The rating also factors in the support derived by UICUL from its parent entity. The rating is however, constrained by working capital intensive nature of operations of the company.

**About the Company**

UIC Udyog Limited (UICUL) was incorporated in December 1995 by Kolkata based Jajodia family. The company is 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 Limited for its 5 MW of wind mill capacity.

The company was facing labour and working capital issue in 2017 which had impacted its overall financial performance. So the company was unable to meet financial & statutory obligations and the account turned into non-performance asset in 2018. In 2019, the company was admitted to NCLT. The company was acquired by Laser Power and Infra Private Limited (rated at Acuite A+/Stable/A1+) and its key promoter, Mr. Deepak Goel in June 2021.

**Unsupported Rating**

Acuite B+/Stable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of UICUL to arrive at the rating. Acuite has taken into account a strong level of support from the Laser Power and Infra Private Limited (LPIPL) given that LPIPL has a significant stake in UICUL, and also factoring in the operational linkage with LPIPL.

**Key Rating Drivers**

## **Strengths**

### **Strong Parentage; Operational and Strategic Support**

LPIPL (rated at Acuité A+/Stable/A1+) 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. Acuité believes that the long track record and rich experience of the new promoters' augur well for the relationship with their key suppliers and customers.

Acuité believes investment in UICUL continues to be a strategic investment for LPIPL in the form of backward integration. Moreover, LPIPL has strong financial flexibility as reflected from its robust financial risk profile and superior liquidity profile. LPIPL has also provided shortfall undertaking to UIC's banker.

### **Moderate financial risk profile**

The financial risk profile of the company is moderate marked by moderate net worth, low gearing levels and average debt coverage indicators. The net worth of the company stood healthy at Rs. 131.82 Cr. as on March 31, 2024. The gearing of the company stood comfortable below unity at 0.24 times as on 31st March 2024 against 0.14 times as on 31st March 2023. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.44 times as on 31st March 2024 from 0.25 times as on 31st March 2023. The debt protection metrics of the company declined and stood moderate with Interest Coverage Ratio at 1.97 times as on 31st March 2024 as against 2.57 times in the previous year. The decline is due to increased interest cost. The Net Cash Accruals/Total Debt (NCA/TD) stood at 0.10 times as on 31st March 2024.

Going ahead, the financial risk profile is expected to stay at healthy levels in absence of any major debt-funded capital expenditure over the medium term.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital operations of the company are intensive in nature, marked by high Gross Current Assets (GCA) of 307 days on 31st March 2024 against 393 days in the previous year. The high GCA days are led by high debtor levels. The debtor period decreased to 183 days as on March 31, 2024 from 254 days in the previous year. The inventory days declined to 86 days in FY2024 against 94 days in FY2023. The company keeps an average inventory of 2-2.5 months. The creditor days stood at 59 days in FY2024 against 39 days in FY2023. Acuite believes that any elongation in the receivable period or further inventory build-up may lead to a further strain on the working capital profile and, hence, will remain a key monitorable.

#### **Operations exposed to cyclicity in the stainless-steel industry and competition in export markets**

Indian stainless steel wire manufacturers and exporters face stiff competition from Chinese, Taiwanese and Korean exporters in key markets like the EU and the US. In addition, the company's performance remains vulnerable to cyclicity in the steel sector as demand for steel depends on the performance of the end user segments such as construction and real estate. Owing to economies of scale, Chinese and Korean manufacturers dominate the markets in certain product segments, but Indian manufacturers enjoy a competitive advantage with their consistent compliance to quality specifications, higher quality and better after-sales services for specialised and high precision products.

### **Rating Sensitivities**

- Growth in scale of operations with improvement in profitability
- Elongation in working capital cycle.

### **Liquidity Position**

#### **Adequate**

The company has adequate liquidity position marked by generation of moderate net cash accruals against maturing debt repayment obligation. The net cash accruals stood at Rs.3.23 Cr in FY2024 and Rs. 3.42 Cr in FY2023. Going ahead, the company is expected to generate cash accruals in the range of Rs.4.5-8 Cr over the medium term against estimated repayment obligation in the range of Rs.1-1.5 Cr during the same period. The fund-based limit remains highly utilised at ~93 per cent over the nine months ended September 2024 and nonfund based limit utilisation stands moderate at 63.5 per cent for the same period. The current ratio stood strong at 2.83 times as on March 31, 2024.

Acuite expects the liquidity position of the company will remain adequate over the medium term supported by strong financial flexibility of parent entity.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	175.28	122.49
PAT	Rs. Cr.	0.71	0.82
PAT Margin	(%)	0.41	0.67
Total Debt/Tangible Net Worth	Times	0.24	0.14
PBDIT/Interest	Times	1.97	2.57

### 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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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. Acuité'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
16 Oct 2024	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Downgraded from ACUITE A3)
	Letter of Credit	Short Term	5.00	ACUITE A4 (Downgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A4 (Downgraded from ACUITE A3)
	Cash Credit	Long Term	10.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	5.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	15.00	ACUITE D (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	10.00	ACUITE D (Downgraded from ACUITE BBB-   Stable)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE D (Downgraded from ACUITE A3)
15 Mar 2024	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	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)
	Term Loan	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed)
	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)
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)
	Bank Guarantee (BLR)	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)

## 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+   Upgraded ( from ACUITE A4 )
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 A4+   Upgraded ( from ACUITE D )
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+   Upgraded ( from ACUITE A4 )
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 BB+   Stable   Upgraded ( from ACUITE C )
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 BB+   Stable   Upgraded ( from ACUITE C )
RBL Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+   Stable   Upgraded ( from ACUITE D )
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+   Upgraded ( from ACUITE A4 )
RBL Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Dec 2028	10.00	Simple	ACUITE BB+   Stable   Upgraded ( from ACUITE D )

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Name of the companies
1	UIC Udyog Limited
2	Laser Power and Infra Private Limited

## Contacts

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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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