



**Press Release**  
**UNIVERSAL IMPORT EXPORT AND HOSPITALITY PRIVATE LIMITED**  
**October 04, 2024**  
**Rating Assigned and Reaffirmed**

| Product                            | Quantum (Rs. Cr) | Long Term Rating                  | Short Term Rating      |
|------------------------------------|------------------|-----------------------------------|------------------------|
| Bank Loan Ratings                  | 20.00            | ACUITE BBB-   Stable   Assigned   | -                      |
| Bank Loan Ratings                  | 105.00           | ACUITE BBB-   Stable   Reaffirmed | -                      |
| Bank Loan Ratings                  | 10.00            | -                                 | ACUITE A3   Reaffirmed |
| Total Outstanding Quantum (Rs. Cr) | 135.00           | -                                 | -                      |
| Total Withdrawn Quantum (Rs. Cr)   | 0.00             | -                                 | -                      |

**Rating Rationale**

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and short-term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs. 115.00 Cr. bank facilities of Universal Import Export and Hospitality Private Limited (UIEHPL). The outlook is ‘**stable**’.

Acuite has assigned its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs. 20.00 Cr. bank facilities of Universal Import Export and Hospitality Private Limited (UIEHPL). The outlook is ‘**Stable**’.

**Rationale for rating.**

The rating reaffirmation reflected the stable operating performance of the company. The company marked stable revenue of Rs.307 crore in FY24 as against Rs.301.8 crore in FY23. However, the operating margins of the company increased to 6.71 percent in FY24 as against 5.96 percent in FY23. The rating also considers the established track record of the company for more than five decades in the export industry, which has in turn supported UIEHPL in establishing strong relationships with clients in the region where it exports, leading to repeated orders. Further, it also supported by moderate financial risk profile of the company marked by the moderate gearing and moderate debt protection metrics with debt-equity stood at 1.1 times as on 31 March, 2024 and DSCR stood at 2.15 times in 31 March, 2023. However, these strengths are partly offset by the customer and geographic concentration risk with almost 95 percent contribution from top 10 clients from Africa. Further, it considers the moderately intensive working capital cycle of the company with high receivable days at 165 days as on 31 March, 2024. The rating also factors in the contingent liability for the company on account of corporate guarantee given to one of the group company.

**About the Company**

Universal Import Export and Hospitality Private Limited (UIEHPL), a 100 percent export firm was started by Mr. Narayan Pagarani in 1972. Initially it was started as a proprietorship firm, which was later converted into Private Limited company in the year 2012. It was later merged with another group company - Universal Hotels Private Limited and was renamed as Universal Import Export and Hospitality Private Limited. Universal Import Export and Hospitality Private Limited is recognised as Two Star Export house by Director General of Foreign Trade, Govt. Of India.

The current directors of the company are Mr. Narayan J. Pagarani and his son Mr. Narendra N. Pagarani, having a cumulative experience of around 75 years in industry.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of Universal Import Export and Hospitality Private Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Established Track record of the operations.

UIEHPL an export-oriented company, established in 1972 by Mr. Narayan Pagarani, having an experience of almost 5 decades. The revenue of the company has marginally increased to Rs.307 crore in FY24 as against Rs.301.80 crore in FY2023. The company records its revenue from two business verticals i.e., Export business and the Hotel business. The main business vertical of the company is the export of local goods to various African countries. It is also involved in merchanting trade in which it purchases the product around the world and ships it directly to its buyers situated in Africa. The major products exported are the Fabrics, Coffee, Extra Neutral Alcohol, and various other products according to client specific needs. Further, UIEHPL has been able to establish a long and stable relations with its buyers over the years. The company has been in business with some of its top clients from last 25 years. The company in FY24 has witnessed increase in operating margins to 6.71 percent as against 5.96 percent in the previous year.

The other business vertical which is the hotel business contributes less than 3 percent to the overall company's revenue. The company owns 2 hotels in its name each in Mumbai and Nashik, having a capacity of around 45 beds per hotel with an average occupancy of 90% and 60% respectively.

Acuite believes that UIEHPL will continue to benefit from its vast promoter's experience in the export industry with established track record of operations and stable relationship with its clients over the years.

#### Moderate Financial Risk Profile

The financial risk profile of the company stood moderate, marked by moderate net worth, moderate gearing (debt-equity) and moderate debt protection metrics. The tangible net worth stood at Rs.70.82 crore as on 31 March 2024 as against Rs.66.8 crore as on 31 March 2023. The unsecured loan from the promoters is considered as quasi equity as per the undertaking in sanctioned condition. The total debt of the company stood at Rs. 78.23 crore as on FY2024, which consist of short-term facilities. The company follows a conservative financial risk policy reflected through its peak gearing of 1 times as on 31 March 2022. The gearing (debt-equity) stood at 1.10 times as on 31 March 2024 as compared to 0.89 times as on 31 March 2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.58 times as on 31 March 2024 as against 1.26 times as on 31 March 2023. Interest Coverage Ratio stood at 2.76 times for FY2024 as against 3.67 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 2.15 times in FY2024 as against 2.74 times in FY2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.13 times for FY2024 as against 0.15 times for FY2023.

Acuite expects the financial risk profile of the company may continue to remain moderate on account of steady cash accruals with no debt-funded capex plans.

### Weaknesses

#### Customer and Geographical concentration risk

UIEHPL has been exposed to concentration risk from the customers with around 95 percent of the revenue being constituted from the top 10 clients in FY24 as against 80 percent in FY2023. Along with this all of its customers are situated in African countries which are prone to economical risk. Any imbalances in the economy of this countries can harm the operations of UIEHPL. The company exports good to African countries such as Kano, Nigeria, Burkina Faso, Mali etc which have lower credit rating. None of the debtors of UIEHPL are backed by Letter of credit from the banks. So there remains a risk of bad debts. However, the last standing relationship with its customer helps the company in day to day business.

Acuite believes that going forward customer concentration and geographical concentration risk is a key rating monitorable.

#### Moderately Intensive Working Capital Management

The working capital management of the company is moderately Intensive marked by GCA days of 194 days in FY24 as against 158 days in FY23. The company-maintained inventory levels of around 19 days in FY24 as compared to 12 days in FY23. Subsequently, the debtor's collection period increased and stood at 165 days in FY24 as against 131 days for FY23. Generally, the company gives a credit period of 150 to 180 days to its customers. As the time taken for the goods to reach the buyers destination take almost around 120 days. Furthermore, the creditor days stood at 44 days in FY24 as against 28 days in FY23. Generally, the company is paying advance or upfront payments to most of its suppliers. As a result, the reliance on working capital limits is moderate, reflected by average utilization of around 84 percent for Central Bank of India Facilities.

Acuite expects the working capital operations of the company may continue to remain moderately intensive on account of higher debtor's days associated with the nature of business

#### Contingent Liability

The company UIEHPL has given a corporate guarantee to one of its group company name Global Energy Food Ind Private Limited, which is also into the business of import and export. Any business or financial risk to the group company can affect the financial risk profile of UIEHPL.

## Rating Sensitivities

- Further elongation of working capital cycle leading to stretch in liquidity.
- Deterioration in financial risk profile.
- Improvement in scale of operations while maintaining profitability.

## Liquidity Position

### Adequate

The company's liquidity position is adequate, marked by moderate net cash accruals as against no major long-term debt obligations. The company generated sufficient net cash accruals in the range of Rs.9.5-10.5 Crore from FY2022-24. In addition, it is expected to generate sufficient cash accrual in the range of Rs.11 to 13 crore over the medium term with no debt obligations. The working capital management of the company is moderate marked by GCA days of 194 days in FY2024 as against 158 days in FY2023. The reliance on working capital limits is moderate, reflected by average utilization of its working capital limits for Central Bank of India of around 84 percent in last 12 months ending July' 2024. The company maintains unencumbered cash and bank balances of Rs.0.52 crore as on March 31, 2024

Acuite believes the liquidity position of the company may continue to remain adequate with steady cash accruals and moderately intensive working capital management.

### Outlook: Stable

Acuite believes the outlook on UIEHPL will continue to remain 'Stable' over the medium term backed by its long track record of operations and experienced management. The outlook may be revised to 'Positive' if the company is able to diversify its customers base with geographically segmented leading to significant improvement in scale of operations and the profitability margins while maintaining its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of any risk in global supply chain and further increment in debtor's collection leading to stretch in liquidity and elongation of working capital cycle.

### Other Factors affecting Rating

None

## Key Financials

| Particulars                   | Unit    | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 307.00         | 301.80         |
| PAT                           | Rs. Cr. | 8.10           | 5.95           |
| PAT Margin                    | (%)     | 2.64           | 1.97           |
| Total Debt/Tangible Net Worth | Times   | 1.10           | 0.89           |
| PBDIT/Interest                | Times   | 2.76           | 3.67           |

### 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>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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, 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                  |
|-------------|--------------------------------|------------|-----------------|---------------------------------|
| 25 Sep 2023 | Cash Credit                    | Long Term  | 100.00          | ACUITE BBB-   Stable (Assigned) |
|             | Dropline Overdraft             | Long Term  | 4.00            | ACUITE BBB-   Stable (Assigned) |
|             | Term Loan                      | Long Term  | 1.00            | ACUITE BBB-   Stable (Assigned) |
|             | Letter of Credit               | Short Term | 10.00           | 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                            |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------|------------------|-----------------------------------|
| Central Bank of India | Not avl. / Not appl. | Cash Credit          | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 100.00            | Simple           | ACUITE BBB-   Stable   Reaffirmed |
| Kotak Mahindra Bank   | Not avl. / Not appl. | Dropline Overdraft   | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 4.00              | Simple           | ACUITE BBB-   Stable   Reaffirmed |
| Central Bank of India | Not avl. / Not appl. | Letter of Credit     | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 10.00             | Simple           | ACUITE A3   Reaffirmed            |
| Not Applicable        | Not avl. / Not appl. | Proposed Cash Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 20.00             | Simple           | ACUITE BBB-   Stable   Assigned   |
| Kotak Mahindra Bank   | Not avl. / Not appl. | Term Loan            | Not avl. / Not appl. | Not avl. / Not appl. | 12 Jul 2024          | 1.00              | Simple           | ACUITE BBB-   Stable   Reaffirmed |

## Contacts

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|---|---|
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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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