

Unitech International Limited (Revised)

November 08, 2022

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	23.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	35.00 (Rs. Thirty-Five Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated August 25, 2021, placed the rating(s) of Unitech International Limited (UIL) under the 'issuer non-cooperating' category as UIL had failed to provide information for monitoring of the rating. UIL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated July 11, 2022, July 21, 2022 and July 31, 2022. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on August 25, 2021, the following were the rating strengths and weaknesses (updated for the information available from MCA website):

Key Rating Weaknesses

Delays in debt servicing: The conduct of the account is irregular in nature and there are delays in debt servicing or repayment.

Moderate scale of operation & profit margins: The total operating income has declined by 3.22% and stood at Rs.25.17 crore in FY22 (vis-à-vis Rs.26.01 crore in FY21). Further, tangible net-worth of the company stood low at Rs.12.42 crore as on March 31, 2022. Further, during Q1FY23 total operating income has increased by 22.38% on Q-o-Q basis and stood at Rs.6.78 crore (vis-à-vis Rs.5.54 crore in Q4FY22), however it improved on Y-o-Y basis from Rs.5.74 crore in Q1FY22. The PBILDT margin has remained stable and stood at 17.41% in FY22 (vis-à-vis 17.97% in FY21). Further the company continues to bear the net losses during FY22.

Leveraged capital structure and weak debt protection metrics: UIL's capital structure has remained leveraged and stood at 2.31 times as on March 31, 2022 (vis-à-vis 2.67 times as on March 31, 2021). The debt coverage indicators marked by total debt to GCA and interest coverage ratio has improved marginally and stood at 18.47 times and 1.63 times respectively in FY22 (vis-à-vis 28.56 times and 1.34 times respectively in FY21) owing to some reduction in debt level.

Working capital intensive nature of operation: The operations of UIL are working capital intensive in nature with funds being blocked in receivables. However, the collection period has improved from 527 days in FY21 to 398 days in FY22. Further inventory period also elongated and stood at 282 days in FY22 (vis-à-vis 259 days in FY21) on account of increase in finished goods stock. On the other hand, creditor's period has reduced from 254 days in FY21 to 127 days in FY22. Given the above mentioned scenario, operating cycle has elongated and stood at 554 days in FY22 (vis-à-vis 532 days in FY21).

Susceptibility of operating margins to the fluctuation in raw material prices: The company is exposed to the raw material price volatility risk due to volatility experienced in the prices of various plastic products and ferrous and non-ferrous metal. Being a small player in the market the company is not able to pass on the increase in input cost to its customers at a large extent. Hence any adverse movement in the raw material prices can affect the profit margins of the company.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications

*Issuer did not cooperate; Based on best available information

Presence in highly fragmented and competitive industry: The Indian auto component industry is large and highly fragmented and predominantly controlled by the unorganized sector. Further, the stiff competition makes it difficult to completely pass on the rising input costs to the OEMs. The replacement and export market is also very price-sensitive and hence the auto component manufacturers hardly have any bargaining power in these segments as well.

Highly fragmented and competitive nature of the industry: The spectrum of plastic products and steel industry in which the company operates is highly fragmented and competitive marked by the presence of numerous players in India. The trading of plastic products and ferrous and non-ferrous metals industry is highly fragmented and competitive with more than two-third of the total number of players being unorganized. Hence, the players in the industry do not have any pricing power and are exposed to competition induced pressures on profitability. Also, due to low entry barriers in the industry and low value-added nature of products, high competition is the inherent risk associated with the industry.

Key Rating Strengths:

Experienced management and established track record of operation: The management of the company is vested in the hand of Mr. Dhruv R Desai, Director who has more than decade of experience in trading business and looks after the day-to-day operations of the company along operations and marketing department of the company. He is supported by Mr. Joseph Kuriakose Mathoor, Director, having more than 17 years of experience in present line of business and looks after administration and Operations department of the company.

Liquidity Position (Poor): Liquidity position is poor marked by tightly matched accruals to repayment obligations, highly utilized bank limits and low cash balance of Rs.0.06 crore as on March 31, 2022.

Analytical Approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company

Unitech International Limited (UIL) was incorporated as a public limited company in 1994 under the name of Unitech Polypackaging Limited by Mr. Dhruv R Desai, Mr. Joseph Kuriakose Mathoor, Mrs. Kirti Kantilal Mehta, Pankajbhai Harilal Valia, Joseph Kuriakose Mathoor, Grace Jose Mathoor and Thomas Joseph. UIL is engaged in trading of engineering polymers, co-polymers, compound polymer and ferrous and non-ferrous metals. UIL sells its products in domestic market mainly to auto parts manufacturing companies, surgical equipment manufacturing companies, etc. and procures raw material from domestic market.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	Q1FY23 (UA)
Total operating income	26.01	25.17	6.78
PBILDT	4.67	4.38	1.07
PAT	-0.27	-0.25	-0.13
Overall gearing (times)	2.67	2.31	NA
Interest coverage (times)	1.34	1.63	NA

A: Audited, NA- Not available

Note: H1FY23 results are yet to be published by the company

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	3.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund based limits		-	-	-	4.50	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund based limits		-	-	-	4.50	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	11.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Proposed non fund based limits		-	-	-	12.00	CARE D; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	3.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (25-Aug-21)	1)CARE B+; ISSUER NOT COOPERATING* (19-Aug-20)	1)CARE BB-; ISSUER NOT COOPERATING* (10-Jun-19)
2	Non-fund-based - ST-Letter of credit	ST	11.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (25-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (19-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (10-Jun-19)
3	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (25-Aug-21)	1)CARE B+; ISSUER NOT COOPERATING* (19-Aug-20)	1)CARE BB-; ISSUER NOT COOPERATING* (10-Jun-19)
4	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (25-Aug-21)	1)CARE B+; ISSUER NOT COOPERATING* (19-Aug-20)	1)CARE BB-; ISSUER NOT COOPERATING* (10-Jun-19)
5	Non-fund-based - ST-Proposed non fund based limits	ST	12.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (25-Aug-21)	1)CARE A4; ISSUER NOT COOPERATING* (19-Aug-20)	1)CARE A4; ISSUER NOT COOPERATING* (10-Jun-19)

						(25-Aug-21)	(19-Aug-20)	(10-Jun-19)
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*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities : Not applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	Non-fund-based - ST-Letter of credit	Simple
4	Non-fund-based - ST-Proposed non fund based limits	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About CARE Ratings Limited:

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