

Uttarakhand Engineering Products Private Limited

December 26, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	24.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Uttarakhand Engineering Products Private Limited (UEPPL) to monitor the rating(s) vide e-mail communications dated October 18, 2024, October 25, 2024, and October 30, 2024, November 25, 2024 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The ratings of UEPPL's bank facilities will now be denoted as **CARE BB-; Stable/ CARE A4; ISSUER NOT COOPERATING***.

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

The ratings has been moved to Issuer Not Cooperating category on account of non-availability of requisite information due to non-cooperation by UEPPL with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings are further is constrained by weak financial risk profile characterized by leveraged capital structure, weak coverage indicators, stretched liquidity, and modest scale of operations with low profitability margins. The rating also factors in presence of the company in a highly competitive industry and volatility in raw material prices. However, these rating weaknesses are partially offset by experienced promoters and efficient operating cycle.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on December 11, 2023, the following were the rating strengths and weaknesses (Updated for the Information available from Registrar of Companies).

Key weaknesses

Modest scale of operations and low profitability margins: UEPPL's scale of operations remain modest at Rs. 171.80 crore during FY24 (refers to April 1 to March 31) as against Rs. 149.73 crore in FY23. The profitability margins of the company remain low as marked by PBILDT (Profit Before Interest, Lease, Depreciation, and Tax) and PAT (Profit After Tax) margins of 1.79% and 0.47% respectively during FY24.

Volatility of raw material prices: The prices of iron ore are volatile in nature, fluctuating based on demand supply scenarios. Further, the prices are also impacted by geo-political scenarios since India's largest iron ore producer National Mining Development Corporation (NMDC) is state owned and it majorly regulates pricing of iron ore. To mitigate the risk of price volatility, the company passes on any changes in prices to their end customers by adding their margins.

Highly competitive and fragmented industry: Trading business of iron and related products is characterized by high volumes and low margins. The iron trading sector is highly competitive, comprising a large number of players in the organized segment because of low entry barriers. Ease of availability of raw material (iron ore) and low-cost manpower attracts large number of players to this industry. This results in intense competition which has a cascading effect on the player's margins.

Key strengths

Efficient Operating cycle: The company has a short operating cycle primarily due to low inventory holding period and majority of the debtors being funded through credit period availed from suppliers. The company stores unsold inventory for around a

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

month. Further, UEPPL extends a credit period of around one month to its customers, resulting in an average collection period of 47 days for FY24 and gets a similar credit period to make payments to its suppliers, resulting in average creditor period of 22 days for FY24. The operating cycle however increased to 29 days in FY24 as against 19 days in FY23.

Experienced Promoters: The day-to-day operations of the company is managed by Siddharth Swaroop Bansal who has recently joined the business after completing his MBA. He manages the overall business under the guidance of his father Anuj Swaroop Bansal who provides strategic insights into the business. Anuj possesses experience of around three decades in this line of business.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

UEPPL was incorporated in 2004, based in Muzaffarnagar, Uttar Pradesh. The company is a trading concern dealing in sponge iron, pig iron, iron & steels, ferro alloys, import of ferros and non ferros scrap, ingots, billets, Silicon Manganese etc. The day-to-day operations of the company are managed by Siddharth Swaroop Bansal and his father Anuj Swaroop Bansal.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	175.94	149.73	171.80
PBILDT	2.10	2.28	3.08
PAT	0.63	0.64	0.81
Overall gearing (times)	3.29	3.25	0.84*
Interest coverage (times)	1.73	1.53	1.43

A: Audited; Note: these are latest available financial results

*Does not include LC acceptances

Status of non-cooperation with previous CRA: Brickwork, CRISIL and India Ratings has continued the ratings assigned to the bank facilities of UEPPL into 'Issuer not-cooperating' category vide press release dated October 18, 2024, November 29, 2023, and July 14, 2024, respectively on account of non-availability of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	24.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ ST-Working Capital Limits	LT/ST	24.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (11-Dec-23)	-	-

*Issuer did not cooperate; based on best available information.

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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Disclaimer:

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