Press Release

United Polyfab Gujarat Limited
July 30, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	85.59 (reduced from 105.36)	IVR BBB/ Stable (IVR triple B with Stable outlook)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Rating upgraded	Simple
Short Term Bank Facility	4.50	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating upgraded	Simple
Total	**90.09 (INR Ninety crore and nine lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has upgraded the ratings assigned to the bank facilities of United Polyfab Gujarat Limited (UPGL) on the back of significant increase in profit in FY25 (refers to period April 1st, 2024, to Mar 31, 2025), commencement of captive power plants along with the expansion in the capacity of the solar power and the proposed issue of share warrants which will improve the financial flexibility of the company. The ratings also derives comfort from experienced promoters, moderate capital structure and debt protection parameters and an easy availability of raw material. However, these rating strengths are partially constrained due to susceptibility of profit to fluctuations in key raw material prices, exposure to corporate guarantee and exposure to intense competition.

The long-term rating outlook is Stable on the account of experienced promoters, and favorable financial and operational performance.

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with improvement in debt protection metrics
- Timely commencement of the solar power project without any major cost overrun

Downward Factors

- Decline in operating income and/or moderation in profitability impacting the debt coverage indicators
- Deterioration in the capital structure with increase in overall gearing ratio and deterioration in debt protection metrics.
- Withdrawal of subordinated unsecured loans and/or moderation in the capital structure with deterioration in overall gearing.
- Crystallization of corporate guarantee extended to group company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Increase in profit in FY25**

In FY25, the EBITDA increased to Rs. 42.91 crore in FY25 from Rs. 31.31 crore in FY24 (refers to period April 1st, 2023, to Mar 31, 2024). EBITDA margin also increased to 7.13% in FY25 from 3.45% in FY24. This increase in profit was mainly due to the company focus on production and sale of fine yarn which carries a higher margin, compared to production and sale of coarser yarn in FY24. Also, discontinuation of trading sales which carried very meagre margins helped in improving profitability in FY25. Also, the decline in power cost due to the operation of wind and solar captive power plants aided operating margins. Consequently, PAT increased to Rs. 17.69 crore in FY25 from Rs. 6.61 crore in FY24. Going forward, Infomerics believes that the profit will be favourable due to the expansion of solar power plant capacity which will further lead to saving on the power cost as well as increase in scale of business, from the capital infusion of the proposed warrants issue of Rs. 43.35 crore.

- **Commencement of wind and solar power plants along with the expansion in the capacity of the solar power**

In FY25, the company implemented captive power source of 1 MW of solar power and 2.7 MW of wind power. The solar power got operational from June 2024, and the wind power project got operational from December 2024. In FY25 the company saved Rs. 2.90 crore on account of power cost from these captive sources. Further, the company is in the process to install a solar power plant of 5.384 MW. The COD of the project is January 2026. The company expects to get nearly 70 lakh unit of power per annum from this solar plant. In FY27 which will be the first full year of operation company will be able to meet nearly 70% of its total power requirements from its captive sources, which will aid in margin expansion.

- **Proposed issue of share warrants which will improve financial flexibility**

The company is in the process of issuing warrants which will be convertible into Equity Shares. The size of the warrant issue is Rs. 43.35 crore and will be allotted to the promoters- Gagan Nirmalkumar Mittal and Nirmalkumar Mangalchand Mittal. The fund from the issue of warrants will be utilised for Working capital requirement (Rs. 34.76 crore) and General Corporate Purpose (Rs. 8.60 crore). The issue of warrants is likely to increase the financial flexibility of the company which will help the company to ramp up its scale of operations.

- **Extensive experience of promoters in textile industry**

The Mittal family, promoters of the company have been in the textile business for more than two decades. Extensive business experience of the promoters has enabled the establishment of healthy relationship with suppliers and dealers, which helps in smooth functioning of business.

- **Moderate capital structure and debt protection parameters**

As on March 31, 2025, total debt of the company declined to Rs. 104.02 crore as on March 31, 2025, from Rs. 117.49 crore as on March 31, 2024, due to decline in long term debt and unsecured loan. The company's adjusted net worth increased to Rs. 111.66 crore as on March 31, 2025, compared with Rs. 87.63 crore as on March 31, 2024, due to accretion of profit to equity. To arrive at the net worth, Infomerics has considered Rs. 14.34 crore of unsecured loans from promoters/ directors as quasi equity as the same is subordinated to the bank facilities. Considering the quasi equity the long-term debt equity ratio stood at 0.53 times as on March 31st, 2025, as compared to 0.98 times as on March 31, 2024. Adjusted gearing ratio improved to 0.93 times as on March 31st, 2025, as compared to 1.34 times as on March 31, 2024. TOL/TNW was 1.21x on March 31, 2025, as compared to 1.77 times in as on March 31, 2024. The company debt protection metrics were moderate with interest coverage ratio of 4.44 times in FY25 compared with 3.47 times in FY24, and DSCR of 1.18 times in FY25 compared with 1.02 times in FY24.

- **Easy availability of raw material**

The company has easy access to raw materials as its manufacturing plant is located in Ahmedabad (Gujarat), which is cotton growing belt of India. Favourable location of the plant also enables the company to save on logistics costs.

Key Rating Weaknesses

- **Profitability susceptible to fluctuations in key raw material prices**

The company's profitability is vulnerable to sharp fluctuations in raw material prices, which affects sales realisations. Cotton prices have been volatile in recent years and thus its profitability remains susceptible to any adverse movement in cotton and yarn prices. However, the risk is mitigated to an extent on account of order-backed raw material procurement policy.

- **Exposure to corporate guarantee**

UPGL had exposure to corporate guarantees of Rs. 21.42 crore as on March 31, 2025. This corporate guarantees are given in favour of loans and bank facilities availed by its related entity United Techfab Ltd. The crystallisation of such liabilities may impact the company's liquidity profile to some extent.

- **Exposure to intense competition**

The spinning industry is highly fragmented and competitive with the presence of large number of organised and unorganised players. Intense industry competition coupled with commoditised nature of the products limits the company's pricing flexibility and bargaining power.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria of assigning Rating Outlook

Policy of default recognition

Criteria on complexity

Liquidity – Adequate

The liquidity position of the company is adequate marked by its expected gross cash accruals as against debt obligations from FY26 to FY28. Moreover, the company's bank limits are utilized to the extent of ~32% on an average for the twelve months period ended June 2025, giving sufficient liquidity cushion. Absence of any capex in the near term provides comfort to the liquidity position.

About the company

United Polyfab Gujarat Limited (UPGL) is an Ahmedabad-based company incorporated in 2010, was promoted by Mr. Gagan Mittal and family. The company in engaged in spinning of cotton yarn. The company' spinning units at Timba Village, Daskroi, Ahmedabad in a land admeasuring area 15,935 square meters and has an installed capacity of 40,000 spindles. The company got listed and started dealing on NSE EMERGE Platform with effect from June 07, 2016. Effective December 31, 2021, the company migrated from SME Emerge platform of NSE to the main board of NSE. The company has recently implemented captive power source of 1 MW of solar power and 2.7 MW of wind power.

Financials (Standalone): **(Rs. crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	908.48	602.22
EBITDA	31.31	42.91
PAT	6.61	17.69
Total Debt	117.49	104.02
Tangible Net Worth (adjusted)	87.53	111.56
EBITDA Margin (%)	3.45	7.13
PAT Margin (%)	0.73	2.93
Overall Gearing Ratio (x) (adjusted)	1.34	0.93
Interest Coverage (x)	3.47	4.44

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: As per PR dated April 11, 2025, Brickwork Ratings continued to keep the ratings in the non-cooperating category due to non-cooperation from the client.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025- 2026)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025		Date(s) & Rating(s) assigned in 2023-2024 (Jul 3, 2023)	Date(s) & Rating(s) assigned in 2022-2023 (January 31, 2023)
					August 29, 2024	July 25, 2024		
1.	Term Loans	Long Term	48.38	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB/ Negative ISSUER NOT COOPERATING*
2.	GECL	Long Term	7.21	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB/ Negative ISSUER NOT COOPERATING*
3.	Cash Credit	Long Term	30.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB/ Negative ISSUER NOT COOPERATING*
4.	Bank Guarantee	Short Term	4.50	IVR A3+	IVR A3	IVR A3	IVR A3	IVR A4 ISSUER NOT COOPERATING*

Analytical Contacts:

Name: Sandeep Khaitan

Tel: (033) 46022266

Email: sandeep.khaitan@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly Infomerics Valuation & Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Press Release

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	-	May 2027	3.26	IVR BBB/ Stable
Term Loan 2	-	-	-	May 2028	10.99	IVR BBB/ Stable
Term Loan 3	-	-	-	July 2027	1.11	IVR BBB/ Stable
Term Loan 4	-	-	-	August 2028	0.95	IVR BBB/ Stable
Term Loan 5	-	-	-	March 2026	7.93	IVR BBB/ Stable
Term Loan 6	-	-	-	March 2029	5.48	IVR BBB/ Stable
Term Loan 7	-	-	-	March 2030	18.66	IVR BBB/ Stable
GECL 1	-	-	-	May 2026	3.04	IVR BBB/ Stable

GECL 2	-	-	-	August 2028	4.17	IVR BBB/ Stable
Cash Credit	-	-	-	-	30.00	IVR BBB/ Stable
Bank Guarantee	-	-	-	-	4.50	IVR A3+

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-United-Polyfab-jul25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.