

United Office Systems Private Limited

| Instrument | Amount | Rating Action |
|---------------------------------------------------|-----------------|--------------------------------------------|
| Long Term Fund Based Limits -CC | Rs. 10.00 crore | [ICRA]BBB (Stable); upgraded |
| Long Term Fund Based -TLs | Rs. 5.00 crore | [ICRA]BBB (Stable); upgraded |
| Short Term Fund Based Limits – IBP* | Rs. 2.00 core | [ICRA]A3+; upgraded |
| Short Term Non Fund Based Limits – Bank Guarantee | Rs. 2.00 crore | [ICRA]A3+; upgraded |
| Non Fund Based – Letter of Credit | Rs. 2.00 crore | [ICRA]A3+; upgraded |
| Unallocated Amount | Rs. 1.02 crore | [ICRA]BBB (Stable)/ [ICRA]A3+; upgraded |

*Inland Bills Purchased

ICRA has upgraded the long term rating from [ICRA]BBB- (pronounced as ICRA triple B minus)¹ to [ICRA]BBB (pronounced as ICRA triple B) for the Rs. 10.00 crore cash credit facility and Rs. 5.00 crore term loans of United Office Systems Pvt. Ltd. (UOSPL). ICRA has also upgraded the short term rating from [ICRA]A3 (pronounced as ICRA A three) to [ICRA]A3+ (pronounced as ICRA A three plus) for the Rs. 2.00 crore² fund based bank facilities and Rs. 4.00 crore non fund based bank facilities of UOSPL. ICRA has also upgraded the ratings to [ICRA]BBB/[ICRA]A3+ to the unallocated amount of Rs. 1.02 crore. The outlook on the long term rating is 'Stable'.

The upward revision in ratings factors in strengthening foothold of UOSPL in raised access flooring solutions supported by increased demand from the user industries and ramp up in capacities which is reflected in secular growth in revenues, strong order book to Rs. 43.78 crore as on 30th September 2016. The competitive intensity is also limited due to its presence in niche segment and is also supported by its strong past track record and technical competence. ICRA also takes note of the long term revenue visibility from the recent capex incurred towards machinery for manufacturing of wood core panels especially meant for exports. The ratings continue to draw comfort from UOSPL's healthy profitability and coverage indicators and operational support from its group concern for marketing and distribution. ICRA also take note of the improving liquidity profile of the company and comfortable capital structure. The competitive intensity is also limited due to its presence in niche segment and is also supported by its strong past track record and technical competence. The ratings also continue to draw support from promoter's long and established experience in raised access floor business facilitating repeat business from several reputed clients.

The ratings are however constrained by UOSPL's modest scale of operations and the vulnerability of its margins to raw material prices and foreign exchange rate fluctuations.

ICRA expects UOSPL's revenue to improve by 5% in FY 17 compared to FY 16. The profitability is expected to remain strong going forward on account of expected rise in demand. Over the medium term, the ratings will be dependent on the company's ability to maintain healthy revenues and a stable financial risk profile. The total debt position of the company is expected to remain lower due to better cash accruals in the business. While the additional product profile of wood core panels from recent capex will improve profitability in the near term, its ability to maintain healthy profitability, especially during periods of cyclical downturn will remain critical. The company's ability to generate sufficient cash accruals through its operations, retain the same in the business, and fund its working capital requirements through these internal accruals, will be critical in maintaining its liquidity position.

About the Company

United Office Systems Pvt. Ltd. (UOSPL), a division of United Group of Companies, was established as a private limited company on 21st March 2011. It is an ISO 9001, 14001 and 18001 accredited company and an active member of the Indian Green Building Council (IGBC). The company is engaged in the manufacture of

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

² 100 lakh = 1 crore = 10 million



false flooring panels and accessories which mainly find usage in service based industries like IT and BPO sector, banking and financial service industry etc. The company has its registered office in Mumbai and manufacturing facility at Umbergaon, Gujarat.

Other group companies include United Access Floors Pvt. Ltd., United Insulation, United Decorative Solutions and United New Design. The promoters are engaged in the business for more than a decade.

Recent Results

UOSPL recorded a net profit of Rs. 10.86 crore on an operating income of Rs. 90.74 crore for the year ending March 31, 2016.

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