

United Polyfab Gujarat Limited

October 26, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 65.59 Crore (Reduced from Rs 90.09 Crore)	Regulator [^]
Long Term Rating	IVR BBB/Stable (Rating Reaffirmed; Removed from watch with Developing Implications; Stable Outlook assigned)	RBI
Short Term Rating	IVR A3+ (Rating Reaffirmed; Removed from watch with Developing Implications)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has removed its ratings to the bank facilities of United Polyfab Gujarat Limited (UPGL) from 'Rating Watch with Developing Implications' and has reaffirmed the ratings, while assigning a 'Stable' outlook to the long-term rating.

The ratings were placed on 'Rating Watch with Developing Implications' following the fire incident at the company's manufacturing unit on February 19, 2026, which affected its operations and created uncertainty regarding the extent of losses and the restoration timeline. The ratings have now been removed from the watch in view of the improvement in revenue during FY26 (Audited) and the current fiscal, adequate liquidity position, and progress in the restoration of the fire-affected unit.

The ratings derive strength from the company's experienced promoters with an established presence in the textile industry, improvement in scale of operations and profitability and improved financial risk profile.

However, the ratings remain constrained by exposure to volatility in raw cotton prices, high geographic concentration and the inherent cyclicity of the textile industry. The company's ability to sustain its operating performance, maintain profitability and efficiently manage its working capital requirements will remain key rating monitorable.

Outlook: Stable

The Stable outlook reflects the promoters' extensive experience and its comfortable financial risk profile.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

- **Experienced promoters with established presence in the textile industry**

The company continues to benefit from the promoter group's established experience in the textile business. Mr. Gagan Mittal, promoter and Managing Director, has around 18 years of experience in the textile industry and oversees manufacturing, management and finance functions.

- **Improvement in scale of operations**

The company witnessed an improvement in its scale of operations during FY26, with revenue from operations increasing to Rs.682.03 crore from Rs.602.22 crore in FY25. EBITDA increased to Rs.52.81 crore from Rs.42.91 crore, with the EBITDA margin improving to 7.74% from 7.13%. The improvement in profitability was supported by a savings in power costs following the commissioning of wind and solar power projects. The company completed a 9.38 MW ground-mounted solar power project in November 2025. Consequently, PAT increased to Rs.24.29 crore in FY26 from Rs.17.70 crore in FY25.

In H1FY27, revenue increased by 9.43% year-on-year (YoY) to Rs. 362.65 crore from Rs. 331.40 crore in H1FY26. However, EBITDA margins are expected to remain moderate due to an increase in trading activities amid the temporary shutdown of Unit 1 following the fire incident in February 2026. The affected unit is expected to resume operations by the end of November 2026, following the installation and commissioning of new machinery.

- **Comfortable financial risk profile**

The company's financial risk profile improved during FY26 with overall adjusted gearing stood at 0.88x as on March 31, 2026, vis-à-vis 1.12x as on March 31, 2025, supported by accretion of profits to net worth and equity infusion of Rs.10.84 crore via share warrants.

Interest coverage ratio improved to 5.25x in FY26 from 4.44x in FY25 and adjusted total debt/EBITDA improved to 2.29x from 2.92x during the same period.

Although the company plans to undertake debt funded capex, its capital structure is expected to remain comfortable, supported by accretion to reserves.

Weaknesses

- **Susceptibility of profitability to volatility in raw material prices**

Cotton constitutes a key raw material for the company's yarn manufacturing operations. Accordingly, profitability remains susceptible to fluctuations in cotton prices and yarn realisations. Any sustained increase in raw material prices without corresponding improvement in product realisations could exert pressure on operating margins.

- **High geographical concentration**

The company's sales remain geographically concentrated, with around 90% of FY26 sales originating from Gujarat, while contribution from other states remains relatively limited. The limited geographical diversification exposes the company to regional demand and market conditions.

- **Exposure to intense competition**

The company operates in the competitive and fragmented textile/yarn industry, where pricing pressure, fluctuations in demand and product realisations and competition from established as well as smaller players may constrain profitability.

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate, supported by projected Cash flow from operations of Rs.43.48 crore in FY27, which are sufficient to meet its scheduled debt repayment obligations of Rs.14.03 crore. The fund-based utilisation stood at around 51.43% for the past twelve months ended August 2026, providing adequate headroom in working capital limits.

Rating Sensitivities

Upward Factors

- Substantial revenue growth with EBITDA margin above 8%, leading to improvement in cash accruals and liquidity.
- Sustained improvement in adjusted gearing below 0.75x

Downward Factors

- Decline in revenue and/or EBITDA margin below 6%, impacting cash accruals and debt coverage indicators.
- Delay in restoration and stabilisation of Unit 1, resulting in sustained moderation in operating performance and liquidity.

About the Company

United Polyfab Gujarat Limited (UPGL), incorporated in 2010 and promoted by Mr. Gagan Mittal and his family, is an Ahmedabad-based company primarily engaged in the manufacturing of cotton yarn. Its manufacturing facility is located at Timba Village, Dascroi, Ahmedabad, spread across approximately 15,935 square metres, with an installed capacity of 40,000 spindles. The company was listed on the NSE Emerge platform in June 2016 and migrated to the NSE main board in December 2021.

The company primarily caters to domestic textile manufacturers and traders and procures cotton from the domestic market. UPGL benefits from its established presence in Gujarat and the promoters' experience in the textile industry. To reduce power costs and improve operating efficiency, the company has invested in captive renewable energy generation. Its renewable energy portfolio includes a 1 MW rooftop solar project commissioned in April 2024, a 2.3 MW wind power project commissioned in December 2024, and a 9.38 MW ground-mounted solar power project at Sardarpur, Satlasana, Mehsana, Gujarat, completed in November 2025.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY2027
	Audited	Audited	Unaudited
Total Operating Income	602.22	682.03	179.85
EBITDA	42.91	52.81	12.40
PAT	17.70	24.29	7.82
Total Debt	118.36	106.28	NA^
Tangible Net Worth (TNW)	97.32	132.64	NA^
EBITDA Margin (%)	7.13	7.74	6.89
PAT Margin (%)	2.93	3.56	4.35
Overall Gearing (times)	1.22	0.80	NA^
Interest Coverage (times)	4.44	5.25	5.59

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

^ Not available

Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Withdrawal of Rating](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

S r. N o.	Instru ments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years				
		Type (Long Term/Sh ort Term)	Amount outstand ing (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26		Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023- 24
					February 25, 2026	July 30, 2025	August 29, 2024	July 25, 2024	July 03, 2023
1.	Fund based facilities	LT	61.09	IVR BBB/Stable	IVR BBB/ RWDI	IVR BBB/Stab le	IVR BBB- /Stable	IVR BBB- /Stable	IVR BBB- /Stable
2.	Non-Fund based facilities	ST	4.50	IVR A3+	IVR A3+/ RWDI	IVR A3+	IVR A3	IVR A3	IVR A3

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	IS I N	Date of Issua nce	Coup on Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	Complexity Indicator
Term Loan 1	-	-	-	March 2030	17.34	IVR BBB/Stable	NA	RBI	Simple
Term Loan 2	-	-	-	May 2032	13.75	IVR BBB/Stable	NA	RBI	Simple
Term Loan 3	-	-	-	-	0.00* (3.26)	Withdrawn	NA	RBI	Simple
Term Loan 4	-	-	-	-	0.00* (10.99)	Withdrawn	NA	RBI	Simple
Term Loan 5	-	-	-	-	0.00* (1.11)	Withdrawn	NA	RBI	Simple
Term Loan 6	-	-	-	-	0.00* (0.95)	Withdrawn	NA	RBI	Simple
Term Loan 7	-	-	-	-	0.00* (7.93)	Withdrawn	NA	RBI	Simple



Term Loan 8	-	-	-	-	0.00* (5.48)	Withdrawn	NA	RBI	Simple
GECL 1	-	-	-	-	0.00* (3.04)	Withdrawn	NA	RBI	Simple
GECL 2	-	-	-	-	0.00* (4.17)	Withdrawn	NA	RBI	Simple
Cash Credit	-	-	-	-	30.00	IVR BBB/Stable	NA	RBI	Simple
Bank Guarantee	-	-	-	-	4.50	IVR A3+	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

* IVRL has withdrawn the rating of Term Loan 3, Term Loan 4, Term Loan 5, Term Loan 6, Term Loan 7 and Term Loan 8, GECL 1 & GECL 2 based on the No Due Certificate received from the banker and it is as per Infomerics policy on Withdrawal of ratings.

Annexure 2: Facility wise lender details

https://infomericstorage.blob.core.windows.net/uploads/Len_United_Polyfab_26oct26_2f5824b949.pdf

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

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI



9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026, and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: *For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

Analytical Contact**Name: Gaurav Jain**

Tel: (020) 29913006

Email ID: gaurav.jain@infomerics.com**About Infomerics**

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