

## Rating Rationale

December 11, 2025 | Mumbai

### Universal Precision Screws

Ratings reaffirmed at 'Crisil A- / Stable / Crisil A2+ '

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.39 Crore</b>
<b>Long Term Rating</b>	<b>Crisil A-/Stable (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>Crisil A2+ (Reaffirmed)</b>

*Note: None of the Directors on Crisil Ratings Limited's 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.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil A-/Stable/Crisil A2+' ratings on the bank loan facilities of Universal Precision Screws (UPS; part of the Universal group).

The ratings continue to reflect the extensive experience of the promoters in the automotive (auto) components and ancillary industry, the group's strong clientele and healthy financial risk profile. These strengths are partially offset by its moderate scale of operations and large working capital requirement.

#### Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of UPS, Universal Precision Screws Pvt Ltd (UPSPL) and Upslakshmi Pvt Ltd (UPSLPL). All the entities are in the same business and have a common management team and are collectively referred to as the Universal group.

*Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

#### Key Rating Drivers - Strengths

**Extensive industry experience of the promoters and strong clientele:** The promoters have experience of around two decades in the auto components and ancillary industry. Their extensive experience and the high quality of their products have helped the group develop healthy relationships with customers. The group has around 5,000 stock-keeping units — including shoulder bolts and dowel pins — and recently launched a new product line of precision machining, enabling it to diversify into the industrial and capital goods, automotive, and aerospace industries. Company's product mix comprises of high-specification, engineering-grade specialized fasteners with industrial applications, which has led to healthy profitability over the past years. The ability to cater to diversified customers, from general automotive fasteners to high-precision fasteners and precision machining, has helped the group onboard several major companies in the aerospace industry.

**Healthy financial risk profile:** Steady accretion to reserves has resulted in a healthy net worth of Rs 228 crore as of March 31, 2025. Despite annual debt-funded (in the form of supplier financing) capital expenditure (capex) of Rs 50–60 crore for the upgrade and installation of high-end machinery, the total outside liabilities to adjusted net worth (TOLANW) ratio is expected to remain less than 0.5 times as of March 31, 2026. Debt protection metrics are also expected to remain healthy,

as reflected in an interest coverage of over 20 times in fiscal 2026. The financial risk profile is likely to remain strong over the medium term, despite the debt-funded capex, amid steady accretion to reserves and nil short-term debt.

**Key Rating Drivers - Weaknesses**

**Moderate scale of operations:** Though the company witnessed growth in the topline to Rs 490 crore in fiscal 2025 from Rs 422 crore in fiscal 2024, despite the improvement stated, the group's scale of operations remains moderate. The auto and industrials sectors are vulnerable to economic cycles and monetary tightening, which could impact demand. Though the Universal group's management is continuously diversifying into new products and expanding its clientele in the aerospace segment and has low customer and geographical concentration with revenue generation from over 37 countries, growth depends on sustained order inflow and is susceptible to US tariffs given the sales exposure estimated at 20–25%, which could moderate demand. Though company faces lower competition from other competing countries due to pricing flexibility and high entry barriers, continuous order flow and future growth will remain monitorable. The group has achieved revenue of Rs 345 crore till October of fiscal 2026 and is likely to achieve revenue of Rs 550–600 crore for the full fiscal.

**Working capital intensive operations:** Operations are working capital intensive, as reflected in gross current assets of 160–170 days as of March 31, 2025, driven by receivables of 103 days and inventory of 31 days. The group maintains an inventory of around two months to cater to demand from customers in a timely manner. Though the working capital cycle is partially supported by credit of 140–160 days from suppliers and no reliance on short-term borrowings, any stretch in payments from the US customers ( 20-25% revenue from US ) pertaining to slow down in the said territory can further lead to an elongated working capital cycle, its prudent management amid expected business growth will be closely monitored.

**Liquidity** Strong

The group has not availed any fund-based facilities. Cash accrual is expected to be over Rs 70 crore per annum against a yearly term debt obligation of Rs 10–12 crore over the medium term and will cushion liquidity. The current ratio was healthy at 2.3 times as of March 31, 2025. The promoters are likely to extend support in the form of equity and unsecured loans to meet the working capital requirement and debt obligation. Low gearing and moderate net worth provide a financial cushion in case of any adverse conditions or downturn in the business.

**Outlook** Stable

Crisil Ratings believes the Universal group will improve its business risk profile over the medium term, with its diversified customer profile leading to steady revenue growth and will sustain its healthy financial risk profile.

**Rating sensitivity factors**

**Upward factors**

- Sustenance of revenue profile at Rs 550-600 crore with steady operating at 22-23% leading to higher net cash accruals
- Efficient management of working capital cycle leading to further strengthening of financial risk profile of the company.

**Downward factors**

- Decline in operating income or operating margins below 17-18%, leading to lower cash accruals
- Any large, debt-funded capex weakening the financial risk profile and liquidity

**About the Group**

UPS is a partnership firm established in April 2006 as a 100% export-oriented unit (EOU) for manufacturing and exporting fasteners and machining components for the auto industry. The firm started catering to the domestic market in fiscal 2011 to geographically diversify its revenue profile. It primarily manufactures shoulder bolts and dowel pins at its facility in Rohtak (Haryana) with installed capacity of 7,200 tonne per annum. The current partners of UPS are Mr Amit Jain, Mr Rahul Jain, BP Jain Holding and LPSIS Pvt Ltd.

UPSPL was incorporated in 2013 and started operations in 2017. The company manufactures fasteners as well as shoulder bolts and dowel pins. UPSPL is promoted by Mr Amit Jain, Mr Rahul Jain, Mrs Sandhya Jain and Mrs Deepa Jain.

UPSLPL was incorporated in 2022, and manufactures basic iron and steel.

**Key Financial Indicators**

<b>Combined</b>			
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As on / for the period ended March 31		2025	2024
Operating income	Rs crore	490.53	420.16
Reported profit after tax	Rs crore	64.81	46.63
PAT margins	%	13.21	11.10
Adjusted Debt/Adjusted Net worth	Times	0.13	0.20
Interest coverage	Times	14.74	11.54

**Any other information:** Not applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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**Annexure - Details of Instrument(s)**

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	34.00	NA	Crisil A-/Stable
NA	Proposed Non Fund based limits	NA	NA	NA	5.00	NA	Crisil A2+

**Annexure – List of entities consolidated**

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Universal Precision Screws	Full	Common promoter
Universal Precision Screws Private Limited	Full	Common promoter
UPSLakshmi Private Limited	Full	Common promoter

**Annexure - Rating History for last 3 Years**

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	34.0	Crisil A-/Stable		--	20-09-24	Crisil A-/Stable	30-06-23	Crisil A-/Stable	30-09-22	Crisil BBB+/Positive / Crisil A2	Crisil BBB+/Stable / Crisil A2
Non-Fund Based Facilities	ST	5.0	Crisil A2+		--	20-09-24	Crisil A2+	30-06-23	Crisil A2+	30-09-22	Crisil A2	Crisil A2

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Fund-Based Bank Limits	34	Not Applicable	Crisil A-/Stable
Proposed Non Fund based limits	5	Not Applicable	Crisil A2+

**Criteria Details**
**Links to related criteria**

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for consolidation](#)

[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)

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