

January 7, 2014

**CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF
UAL INDUSTRIES LTD.****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	116.37 (reduced from Rs.118.38 crore)	'CARE A' (Single A)	Reaffirmed
Short-term Bank Facilities	55.00	'CARE A2+' (A two plus)	Reaffirmed
Total Bank Facilities	171.37		

Rating Rationale

The ratings continue to draw strength from experience of the promoters, UAL's satisfactory track record, established market position in eastern India's asbestos market, lack of cost effective substitute products, comfortable leverage ratios, diversified customer base, strategic plant locations and satisfactory financial performance of the company in FY13 (refers to the period April 01, 2012 to March 31, 2013). The ratings are however, constrained by hazardous nature of company's business, volatile raw material and finished goods prices, major dependence on rural economy having high correlation with monsoon & harvesting, intense competition in the industry and moderate demand outlook. The ability of the company to improve its profitability margin, maintain comfortable capital structure, timely execution of the ongoing expansion projects and possibility of regulatory restrictions on usage of asbestos will remain key rating sensitivities.

Company Profile

UAL Industries Limited (UAL), incorporated in 1974, is currently under the ownership of Shri A. K. Saraf and his family. The company is engaged in manufacturing of asbestos cement sheets (corrugated and plain) and moulded accessories with aggregate manufacturing capacity of 4,30,000 MTPA (Metric tonne per annum) at three locations. The company sells its products under the brand name 'Konark'. UAL is one of the leading Asbestos Cement Corrugated (ACC) sheet manufacturers in eastern India.

UAL earned PBILDT of Rs.68.6 crore and PAT (after defd. tax) of Rs.34.9 crore on net sales of Rs.453.3 crore in FY13(refers to period April 01-March 31). During the six months ended September 30, 2013, UAL has achieved net sales of Rs.235.0 crore and PBT of Rs.20.0 crore.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ "Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications".

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