

UAL Industries Limited

December 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	55.00	CARE A+; Stable	Reaffirmed
Long-term / Short-term bank facilities	80.00	CARE A+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of UAL Industries Limited (UAL) takes note of stable scale of performance in FY25 (refers to period from April 01 to March 31) despite moderation in profitability margins. CARE Ratings Limited (CareEdge Ratings) anticipates improvement in operating profitability margins in current fiscal due to savings deriving from softening of raw material (asbestos fibre) prices and improved sales realisations. Ratings continue to derive strength from the promoters' experience with satisfactory track record of operations, strategic location of the manufacturing plants, established market position of the company in eastern India, strong capital structure and healthy debt coverage indicators, and robust liquidity position marked by free cash and liquid investments of over ₹550 crore as on March 31, 2025.

The rating strengths are tempered by risk associated with raw materials and finished goods price volatility, foreign exchange fluctuations risk, major dependence on rural demand for asbestos cement corrugated (ACC) sheets despite lack of cost-effective substitute, regulatory and environmental issues surrounding asbestos, moderate demand of autoclaved aerated concrete (AAC) blocks in the construction sector and increasing exposure in group entities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Diversification with minimum 25% revenue derived from other profitable businesses leading to growth in scale of operations with blended profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 18% on a sustained basis.

Negative factors

- Declining total operating income (TOI) below ₹500 crore and moderating PBILDT margin below 10% on a sustained basis.
- Venturing into debt laden capital expenditure leading to deterioration in net gearing level above 0.00x (net gearing being calculated after reduction of free cash and liquid investments from total debt) on a sustained basis.
- Adverse impact on the business and consequently liquidity profile due to changes in regulation with respect to usage of asbestos fibre.
- Non-maintenance of free cash and liquid investments above ₹250 crore on a sustained basis.
- Increasing group exposure in terms of loans and advances above ₹125 crore on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the company's ability to leverage its market position and long operational track record, enabling it to maintain strong business and financial risk profiles, supported by low debt dependence and a robust liquidity position.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with satisfactory track record

The company is promoted by AK Saraf. UAL has a satisfactory track record of over four decades in manufacturing ACC sheets. Promoters have long and varied experience in this industry. UAL's business operations have benefited from the promoter's long established track record in businesses and the vast industry network developed over the years. This has enabled the company to expand its scale of operation. AK Saraf (Chairman & Managing Director) is ably supported by a team of experienced and capable professionals with considerable experience in the segment to look after day-to-day operations.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Strategic location of manufacturing plants

UAL's manufacturing facilities at Dhenkanal (Odisha), Midnapore (West Bengal), and Jaunpur (Uttar Pradesh) are strategically located in the vicinity of rural markets. Haldia and Paradeep ports are in the vicinity of the company's West Bengal & Odisha units, which enables easy transportation of imported raw materials. The AAC plant is at Bagnan, which is only 80 km from Kolkata.

Established market position in eastern India

UAL is one of the leading ACC sheets manufacturers in India and an established player in eastern India. The company has a dedicated marketing department based in Kolkata. This apart, it has its own depots across locations and also has a wide network of exclusive dealers and consignment agents across areas of eastern India and in UP, Bihar, Jharkhand, and Odisha.

CareEdge Ratings observes, going forward, UAL's established product quality and brand name (KONARK) and its strong distribution network is expected to help in achieving stable volumes.

Strong capital structure and healthy debt coverage indicators

Capital structure continued to remain strong with overall gearing of 0.04x as on March 31, 2025 (0.06x as on March 31, 2024). Total debt to gross cash accruals (TD/GCA) improved to 0.47x in FY25 against 0.67x in FY24. However, the company has cash and liquid investments to the tune of ₹553 crore as on March 31, 2025, and continues to remain a 'nil' net debt company. PBILDT/Interest improved and stood at 15.46x in FY25 against 8.11x in FY24.

Going forward, the company's capital structure is expected to remain at similar levels in the near-to-midterm in the absence of major capital expansion plans.

Key weaknesses**Stable scale of operations despite moderation in profitability margins**

In FY25, UAL witnessed y-o-y growth of ~3% in TOI to ₹623.05 crore against ₹602.14 crore in FY24, considering increase in sales volume of ACC sheets from 4,16,399 MT in FY24 to 4,45,778 MT in FY25 with stable sales realisations. However, sales volume of AAC blocks has shown sharp moderation of ~19% in FY25 and moderation in sales realisation due to intense competition from other players in the market.

PBILDT margin continues to remain modest at 7.96% in FY25 (8.38% in FY24) considering higher raw material cost post Russia Ukraine war and stiff competition.

In H1FY26, the company reported PBILDT of ₹30.21 crore on TOI of ₹307.41 crore.

CareEdge Ratings anticipates improvement in profitability margins in FY26 considering softening raw material prices and higher demand from rural segment.

Risk associated with raw materials and finished goods price volatility and foreign exchange fluctuations

Raw material consumption cost is the largest cost element constituting for ~65% of the total cost of sales in FY25 (64% in FY23). The raw materials required by the company include asbestos fibre, ordinary portland cement (OPC), dry fly ash, cotton rag pulp, and lime, among others, with asbestos and OPC being the major raw materials in terms of value. UAL is exposed to price volatility risk as asbestos fibre price is volatile in nature and majorly controlled by few producing countries, since mining of asbestos is banned in most developed countries. India imports almost all of its asbestos fibre requirements from Russia, Brazil, and Kazakhstan, which together produce ~90% of the world's asbestos fibre and limited supply of raw material results in volatility in prices thereof. UAL imports asbestos fibre from Brazil, Russia, and Kazakhstan and has to procure raw materials at significantly higher volume to bargain discount from suppliers. The Russia-Ukraine conflict earlier disrupted supply chains, leading to higher procurement costs and building pressure on margins, as price increases could not be fully passed on to customers. However, easing of supply chain constraints and softening asbestos fibre prices has supported stable margin in FY25. While these trends are currently favourable, profitability continues to remain susceptible to volatility in global supply and pricing dynamics.

The company imports a considerable part of its raw material consumed, while its sales are 100% domestic, resultantly exposing the company to forex fluctuation risk. In FY25, UAL though reported a forex gain of ₹0.21 crore against loss of ₹0.78 crore in FY24.

Major dependence on rural demand for ACC sheets despite lack of cost-effective substitute

ACC sheets are primarily used as roofing material in rural areas in housing, warehousing, poultry and hatcheries segment. Almost 100% of UAL's business is restricted to rural areas. Demand for ACC sheets depends significantly on monsoons. With improved monsoon, demand improves and vice versa. Although substitutes to ACC sheets are available in the form of metal sheets, substitutes are less durable and expensive by ~20-25% compared to the products sold by the company. Since ACC sheets are mainly used in rural areas, the price difference of 20-25% with its substitutes inhibits end-users to switch to substitute products.

Regulatory and environmental issue surrounding asbestos

Asbestos fibre being hazardous in nature, its mining is banned in India. However, the use of asbestos is permitted in related products, though it has been a matter of litigation in the past with the court's ruling in favour of the ACC industry. However, due to ban on asbestos mining, Indian players depend on asbestos exporting nations, including Russia, China, Kazakhstan, and Brazil, among others. UAL primarily sources its asbestos primarily from Brazil, Russia, and Kazakhstan. Regulations against mining or trading asbestos in the current major exporting nations can make operations of the Indian players including UAL vulnerable. UAL is operating units, complying with set rules and regulations. The company mainly uses chrysotile (white asbestos) in place of the banned carcinogenic blue fibre, which accounts for ~95% of global asbestos production and its import currently does not face restriction. UAL has also installed automatic fibre handling system to absorb dust particles generated in the production process. Routine checks are also carried out to avoid emissions. The entire production process is automated to avoid direct contact of workers from hazardous materials and to improve quality of the final product.

Moderate demand of AAC blocks in the construction sector and stiff completion

AAC block is an eco-friendly substitute of red clay bricks used in the construction of residential, industrial, and commercial structures. Considering the demand of bricks in the construction sector, easy availability of fly ash and benefits derived from using AAC blocks instead of traditional clay bricks, the popularity of AAC, the industry has a huge potential going forward. UAL has demonstrated an upward trend in the AAC block sales in the past. However, the management expects continued moderation in revenue from AAC block segment owing to rising competition from newly established players in the vicinity.

Increasing group exposure

Over the years, UAL increased its loans and advances to group companies, reaching ₹91.21 crore as on March 31, 2025, compared to ₹56.19 crore on March 31, 2024. These loans carry a fixed interest rate, have no defined repayment schedule, and are repayable on demand.

Liquidity: Strong

Liquidity position of the company is strong with GCA of ₹86.06 crore against debt repayment obligation of ₹6.06 crore in FY25. The company has negligible debt repayment obligation in FY26. Average fund-based month-end working capital utilisation stood at ~3.04% for 12 months ending October 2025. This apart, UAL had free cash and liquid investments in mutual funds, equity shares, and fixed deposits amounting to ~₹553 crore as on March 31, 2025, which further strengthens the company's liquidity position.

Going forward, considering steady GCA and no major capex plans, the company's liquidity is expected to remain strong in the near-to-medium term.

Environment, social, and governance (ESG) risks: Not applicable**Applicable criteria**

[Definition of Default](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

UAL was incorporated in November 1974 as Utkal Asbestos Private Limited and is currently under the ownership of AK Saraf and his family. The company is engaged in manufacturing ACC Sheet/ fibre cement roofing sheets (capacity 650,000 MTPA) used in low-cost housing, warehouses and factories and AAC blocks (capacity 270,000 cu. metres per annum). UAL markets its products under the brand of 'Konark' and 'Koncrete'. AK Saraf, Managing Director, is actively involved in the company's day-to-day affairs.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	602.14	623.05	307.41
PBILDT	50.46	49.59	30.21
PAT	105.41	74.78	NA
Overall gearing (times)	0.06	0.04	NA
Interest coverage (times)	8.11	15.46	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	55.00	CARE A+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	80.00	CARE A+; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	55.00	CARE A+; Stable	-	1)CARE A+; Stable (29-Nov-24)	1)CARE A+; Stable (08-Nov-23)	1)CARE A+; Stable (03-Feb-23)
2	Non-fund-based - LT/ST-BG/LC	LT/ST	80.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (29-Nov-24)	1)CARE A+; Stable / CARE A1+ (08-Nov-23)	1)CARE A+; Stable / CARE A1+ (03-Feb-23)

LT: Long term, LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instrument/facilities- Not applicable**Annexure 4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure 5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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