

September 17, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO BANK FACILITIES AND
STD PROGRAMME OF UIC UDYOG LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	151.9	'CARE A-' (A Minus)	Retained
Short-term Bank Facilities	38.0	'PR1' (PR One)	Retained
Total Bank Facilities	189.9		
Short Term Debt (including CP)*	13.0	'PR1' (PR One)	Reaffirmed
Total Facilities	202.9		

*The aggregate of CP/STD outstanding and other working capital borrowings shall be within the sanctioned fund-based working capital limits with banks.

Rating Rationale

The ratings continue to draw strength from experience of the promoters, satisfactory track record, the company's major presence in steel wires segment of eastern India, diversified product portfolio, satisfactory capacity utilisation, comfortable interest coverage and moderate profitability. However, the ratings are constrained by volatility in raw material & finished goods prices, company's major dependence on the fortunes of steel industry, intense competition from unorganised sector players, gearing being on the higher side and long sales receivable collection period. Ability to improve profitability margin in the wake of rising raw material prices, improvement in the outlook of global as well as domestic steel industry and Govt.'s policy for steel industry will remain the key rating sensitivities.

Company Profile

UIC Udyog Ltd. (UUL), incorporated in December 1995, was promoted by Shri B. L. Jajodia of Kolkata. The company is engaged in manufacturing of steel wires and steel wire strands with an aggregate capacity of 60,000 MTPA at its factory at Kalyani in West Bengal. UUL is also engaged in manufacturing of steel pins, woven sack and generation of wind power. The company has 5-6% market share of the domestic steel wire industry with established presence in eastern India.

UUL earned PBILDT of Rs.46.4 crore (Rs.39.6 crore in FY09) and PAT (after defd. tax) of Rs.16.4 crore (Rs.18.4 crore in FY09) on net sales of Rs.352.3 crore in FY10 (Rs.304.0 crore in FY09). GCA & interest coverage were satisfactory in FY10.

¹“Complete definitions of the ratings assigned are also available at www.careratings.com and in other CARE publications”.

Debt equity improved as on March 31, 2010, due to scheduled repayment of term loans and accretion of profits to reserve. Overall gearing ratio, though improved as on March 31, 2010 despite incremental working capital borrowing, was still on the higher side. Current ratio of UUL was satisfactory as on Mar.31, 2010.

The company is gradually increasing its customer base and including more & more government parties to fetch higher realisation and assured payments (35-40% of total sales are from government clients in FY10). Since credit period allowed to the government clients are higher, the average collection period increased to 109 days in FY10 from 94 days in FY09.

Analyst Contact

Name: Saurav Chatterjee/Soumen Das

Tel # 033-22831800

Mobile # 98307 14920/98305 87029

Email: saurav.chatterjee@careratings.com/soumen.das@careratings.com

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>