

October 12, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF
UM CABLES LTD.****Ratings**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	12.0	'CARE BBB+' (Triple B plus)	Reaffirmed
Short-term Bank Facilities	88.0	'PR2+' (PR Two plus)	Reaffirmed
Long-term/short-term Bank Facilities	20.0	CARE BBB+/PR2+	Reaffirmed
Total Facilities	120.0		

Rating Rationale

The ratings continue to draw strength from group support, experience of the promoters, satisfactory clientele, strong presence in overseas JFTC segment, company's position as preferred supplier for all private telecom companies, moderate financial position with comfortable overall gearing ratios and improving industry outlook for Optical Fiber Cables (OFC) in the domestic market. The ratings are however, constrained by declining JFTC demand in the domestic market, upward trend in raw material prices and intense competition in the industry. Maintaining profitability margin, increase in demand for OFC and export opportunities for JFTC in developed countries will remain the key rating sensitivities.

Company Profile

UMC, incorporated in 1987, is the wholly owned subsidiary of UML - the flagship company of Jhavar group of Kolkata. UMC is engaged in manufacturing of two types of communication cable – JFTC (capacity – 58.38 Lakh Conductor Kilometers (lckm)) & OFC (capacity – 34,272 Cable Kilometers (ckm)) at Silvassa, Dadra & Nagar Haveli.

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

During FY10, UMC earned a PBILDT and PAT (after defd tax) of Rs.15.4 crore and Rs.5.3 crore respectively on aggregate net sales of Rs.134.2 crore, as against PBILDT and PAT (after deferred tax) of Rs.15.7 crore and Rs.1.7 crore respectively, on aggregate net sales of Rs.220.3 crore in FY09. Both long term debt equity and overall gearing ratios showed improvement. Other parameters like interest coverage and current ratio were comfortable in FY10 and improved from FY09.

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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.

Disclaimer

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