

August 23, 2010

**CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF
UNIVERSAL CHEMICALS & INDUSTRIES LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	70.85	'CARE BB' (Double B Minus)	Revised from CARE BB+ [Double B Plus]
Short-term Bank Facilities	7.50	'PR4' (PR Four)	Reaffirmed
Total Facilities	78.35		

Rating Rationale

The revision in the rating takes into account the losses incurred by UCIPL in FY10, time and cost overrun in expansion project, operational risks associated with stabilising of the project and weakened demand outlook for UCIPL's products.

Further the ratings continue to be constrained by the small size of UCIPL, marketing risk associated with incremental quantity of Potassium Permanganate (KMnO₄) produced from the expansion project and price and demand volatility associated with the chemical industry in general. The ratings also consider financial support provided by the promoters and their experience in manufacturing KMnO₄.

UCIPL's ability to achieve the envisaged capacity utilisation levels and profitability margins in the scenario of price and demand volatility and currency fluctuations are the key rating sensitivities.

Company Profile

UCIPL was promoted by Mr. K. K. Maheshwari in 1963. The company is the largest producer and exporter of KMnO₄ in India. The company's recently-completed integrated manufacturing facility is witnessing technical problems in plant stabilisation. Further the reduced demand in export market and reducing margins in domestic markets have adversely impacted the sales and profitability of the company. On net sales of Rs.29.76 crore, the company incurred net loss of Rs.4.50 crore in FY10.

Analyst Contact

Name: Smita Rajpurkar
Tel # (022) 67543451
Mobile # 9769644669

Email: smita.rajpurkar@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.

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

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 PlaceNo. 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>

