

August 27, 2009

CARE ASSIGNS 'A-' RATING TO THE BANK FACILITIES OF BILCARE LTD.

CARE has assigned a '**CARE A- (Single A Minus)**' rating to the Long-term Bank Facilities of Bilcare Limited (BL). This rating is applicable for facilities having tenure of over one year. Facilities with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such facilities carry low credit risk. CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol. This rating is assigned to the long-term bank facilities aggregating Rs.506.94 crore.

Bank Facilities	Amount (Rs. crore)	Rating
Long-term (including long-term loans)	506.94	'CARE A-'
Total	506.94	

Rating Rationale

The rating factors in experienced promoters and management, augmenting of network by way of equity infusion by the promoters and partial conversion of Foreign Currency Convertible Bonds (FCCB) in FY08 and FY09, well-established operations in domestic and international markets, reputed clientele, innovative offerings, diversification into niche segments and focus on pharmaceutical industry which has been largely unaffected by the economic slowdown.

However, the rating is constrained by order-driven nature of the business, declining profitability margins, high overall gearing on a consolidated basis characterised by high FCCB exposure and corporate guarantee extended.

Conversion of FCCBs and achievement of healthy growth through integration and consolidation across all the business segments to improve profitability margins will be the key rating sensitivities.

Company Profile

BL, incorporated by Mr. Mohan Bhandari in July 1987, is primarily engaged in manufacturing specialty pharmaceutical packaging barrier films. BL, through its subsidiaries, also provides Global Clinical Services and anti-counterfeit technologies across the globe. On a consolidated basis, BL's net sales and PBILDT grew at a Compounded Annual Growth Rate (CAGR) of 47.93% and 40.99%, respectively, during the period FY06 to FY09. However, with high interest burden, PAT grew at a CAGR of only 28.46% during the same period. On a consolidated basis, the FCCB exposure of BL stood at USD128 mn (about Rs.629 crore) as on March 31, 2009.

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