

JANUARY 15, 2015

CARE REVISES/REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF CAPTAIN PIPES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	6.04 (reduced from 6.83)	CARE BB- (Double B Minus)	Revised from CARE B
Short-term Bank Facilities	1.50	CARE A4 (A Four)	Reaffirmed
Total Facilities	7.54		

Rating Rationale

The revision in the long-term rating assigned to the bank facilities of Captain Pipes Ltd (CPLD) was on account of the increase in its scale of operations during FY14 (refers to the period April 1 to March 31), improvement in profitability and debt coverage indicators and its successful listing on SME platform of Bombay Stock Exchange (BSE) which is expected to improve its solvency position going forward.

The ratings continue to remain constrained on account of its modest net-worth base, low profitability, weak solvency & liquidity position, working capital intensive operations and its presence in the fragmented & competitive pipes manufacturing industry.

However, the ratings continue to derive strength from vast experience of the promoters and support derived from its group company and diversified product portfolio.

The ability of CPLD to increase its scale of operations, improve its profitability along with improvement in solvency position with efficient working capital management are the key rating sensitivities.

Background

Incorporated in 2010, Rajkot-based ISO 9001:2008 certified CPLD (erstwhile Captain Pipes Pvt. Ltd, CPPL) undertakes the business of manufacturing high tensile unplasticised poly vinyl chloride (uPVC) pipes used for potable water (with application in construction and real estate sector) with an installed production capacity of 7,500 metric tonnes per annum (MTPA) for pipes division as on March 31, 2014. The management changed its constitution from a private limited company to a public limited company with effect from September 23, 2014, while initiating the procedure for listing on SME platform of BSE. It is an associate concern of Captain Polyplast Limited (CPL, rated 'CARE BB+/CARE A4+'), which is in the business of manufacturing and trading of high density polyethylene (HDPE) pipes, PVC pipes and also does assembling of irrigation equipment drip irrigation systems, sprinkler irrigation systems and other various allied products related to micro irrigation system (MIS).

During FY14, CPLD registered a total operating income (TOI) of Rs.40.16 crore with PAT of Rs.0.19 crore as compared with TOI of Rs.30.33 crore with net loss of Rs.0.08 crore during FY13.

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

Analyst Contact

Name: Mohit Agrawal

Tel: (079) 40265656

Email: mohit.agrawal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 - 94139 69100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

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