

JANUARY 27, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF CARE CORUPACK LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	25.46	CARE BB- (Double B Minus)	Reaffirmed [^]

[^] Suspension revoked**Rating Rationale**

The reaffirmation of the rating assigned to the bank facilities of Care Corupack Limited (CCL) was primarily on account of presence in a highly competitive industry and susceptibility of its profitability to volatility in raw material prices, high leverage, moderate debt coverage indicators and working capital-intensive operations. The rating also factors in increase in total operating income and cash accruals along with deterioration in capital structure and debt coverage indicators during FY14 (refers to the period April 1 to March 31).

The rating, however, favourably takes into account the vast experience of the promoters in packaging business, long operational track record and steady growth in its scale of operations and profitability and positive outlook for packaging industry.

CCL's ability to efficiently manage its working capital requirement & diversify its customer base along with the sustained increase in its scale of operations and profitability are the key rating sensitivities.

Background

CCL was incorporated as Care Beverages (India) Ltd in 1995. Subsequently, it changed its name to CCL in 2001. CCL is engaged in the manufacturing of different corrugated products like corrugated boxes, corrugated stiffeners, corrugated plates and corrugated rolls. CCL is promoted by Mr Rajiv Agrawal & family and has its manufacturing unit located near Dholka-Bagodara highway in Gujarat having installed capacity of 28,000 metric tonnes per annum (MTPA) as on March 31, 2014. The promoter family owned 51.24% of shares in CCL and balance 48.76% shares are owned by different financial institutions and private companies.

During FY14, CCL reported a total operating income of Rs.92.85 crore with a PAT of Rs.1.21 crore as against TOI of Rs.87 crore with a PAT of Rs.0.98 crore during FY13. During 9MFY15 the turnover was Rs.55.45 crore.

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

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

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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.

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