

FEBRUARY 08, 2016

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF CARE CORUPACK LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	23.72 (reduced from 25.46)	CARE BB- (Double B Minus)	Reaffirmed
Total Facilities	23.72 (Rupees Twenty Three crore and Seventy Two lakh only)		

Rating Rationale

The rating assigned to the bank facilities of Care Corupack Limited (CCL) continues to remain constrained on account of presence in a highly competitive packaging industry, susceptibility of its profitability to volatility in raw material prices, customer concentration risk, high leverage, moderate debt coverage indicators and working capital-intensive operations. The rating also factors in a marginal increase in profit margins and cash accruals along with a further elongation in the operating cycle during FY15 (refers to the period April 1 to March 31).

The rating, however, favorably takes into account the vast experience of the promoters in the packaging business, long operational track record and modest scale of operations and profitability along with a positive outlook for the packaging industry.

CCL's ability to diversify its customer base along with the sustained increase in its scale of operations and profitability to efficiently manage its working capital requirement & 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 manufacturing of 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 35,000 Metric Tonnes Per Annum (MTPA) as on March 31, 2015. The promoter family owned 39.40% of shares in CCL and balance 60.60% shares are owned by different financial institutions and private companies.

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

During FY15, CCL reported a total operating income (TOI) of Rs.93.04 crore with a PAT of Rs.1.25 crore as against TOI of Rs.92.85 crore with a PAT of Rs.1.21 crore during FY14. During 9MFY16 (Provisional), CCL reported TOI of Rs.78.42 crore.

Analyst Contact

Name: Mr Vishal Joshi

Tel: (079) 40265613

Cell: +91 8511190082

Email: vishal.joshi@careratings.com

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

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. Sanjay Kumar Agarwal

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@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

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

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

CHANDIGARH
Mr. Sajjan 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

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

COIMBATORE
Mr. V Pradeep Kumar

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

 401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Rakesh Jayaraman

 304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.

Cell: +91 – 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@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

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

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

CIN - L67190MH1993PLC071691