Care Corupack Limited

March 21, 2017

Rating

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	23.72	**CARE BB-; ISSUER NOT COOPERATING (Double B Minus; ISSUER NOT COOPERATING)**	Issuer Not Cooperating
Total Facilities	**23.72 (Rupees Twenty Three crore and Seventy Two lakh only)**		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Care Corupack Limited (CCL) to monitor the ratings vide e-mail communications/ letters dated November 11, 2016, December 26, 2016, January 25, 2017, February 08, 2017, February 16, 2017, February 20, 2017 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines CARE's rating on Care Corupack Limited's bank facilities will now be denoted as **CARE BB-; ISSUER NOT COOPERATING**. ***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.***

Detailed description of the key rating drivers

At the time of last rating in February 08, 2016, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Highly leveraged capital structure and weak debt coverage indicators: Overall gearing as on March 31, 2015 remained highly leveraged, despite equity infusion amounting to Rs.0.30 crore, due to increase in total debt owing to disbursement of term loan for printing machinery. Furthermore, debt coverage indicators continued to remain moderate during FY15 (refer to the period April1 to March31).

Working capital intensive nature of operations with elongation in operating cycle: CCL's operations are working capital intensive as reflected by increase in operating cycle which elongated to 121 days in FY15 as against 102 days in FY14 marked by a significant increase in collection period compared to last year.

***Presence in a highly competitive packaging industry with susceptibility of its profitability to volatility in raw material prices*:** Packaging industry is highly fragmented and competitive in nature with majority of the players being in the unorganized sector. Owing to this, CCL has limited bargaining power with its customers and hence cannot fully pass on raw-material price volatility.

Key Rating Strengths

Experienced promoters with long operational track record: Promoters of CCL have average industry experience of around 15 years and hence they have developed strong relationship with its customers and suppliers. Some of the customers have been associated with CCL since its inception.

Stable Total Operating Income (TOI) and profitability: TOI of CCL during FY15 remained stable at FY14 levels despite stagnation in demand due to slowdown in economy. Further, PBILDT margin improved marginally during FY15 on account of marginal reduction in cost of raw materials.

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

Analytical approach: Standalone

Applicable Criteria
[Policy in respect of Non-cooperation by issuer]
[CARE's Policy on Default Recognition]
[Rating Methodology - Manufacturing Companies]
[Financial ratios – Non-Financial Sector]

About the Company
CCL was incorporated as Care Beverages (India) Limited 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.
As per audited results of FY15, CCL reported Profit After Tax (PAT) of Rs.1.25 crore on a Total Operating Income (TOI) of Rs.93.04 crore as against PAT of Rs.1.21 crore on a TOI of Rs.92.85 crore during FY14 (A).

Status of non-cooperation with previous CRA:CRISIL has suspended its rating vide press release dated July 08, 2014 on account of non-cooperation by CCL with CRISIL's efforts to undertake a review of the outstanding ratings.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *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.*

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	2018	1.64	CARE BB-; ISSUER NOT COOPERATING
Fund-based - LT-Term Loan	-	-	2021	5.08	CARE BB-; ISSUER NOT COOPERATING
Fund-based - LT-Cash Credit	-	-	-	17.00	CARE BB-; ISSUER NOT COOPERATING

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	1.64	CARE BB-; ISSUER NOT COOPERATING	-	1)CARE BB- (08-Feb-16)	1)CARE BB- (27-Jan-15) 2)Suspended (07-Oct-14)	1)CARE BB- (18-Jul-13)
2.	Fund-based - LT-Term Loan	LT	5.08	CARE BB-; ISSUER NOT COOPERATING	-	1)CARE BB- (08-Feb-16)	1)CARE BB- (27-Jan-15)	-
3.	Fund-based - LT-Cash Credit	LT	17.00	CARE BB-; ISSUER NOT COOPERATING	-	1)CARE BB- (08-Feb-16)	1)CARE BB- (27-Jan-15) 2)Suspended (07-Oct-14)	1)CARE BB- (18-Jul-13)

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