

October 12, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF GENUS PAPER & BOARDS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term bank facilities	48.53 (reduced from 51.91)	CARE BBB- [Triple B Minus]	Reaffirmed
Short-term bank facilities	38.00	CARE A3 (A Three)	Reaffirmed
Total Bank Facilities	86.53 (Rupees Eighty Six crore and Fifty Three lakh only)		

Rating Rationale

The ratings assigned to the bank facilities of Genus Paper & Boards Limited (GPBL) continue to derive strength from extensive experience of the promoters, the company's long track record of operations and consistent growth in its total income with moderate profitability margins. The ratings also factor in GPBL's moderate financial risk profile with comfortable gearing and moderate debt coverage indicators. However, the ratings are constrained by the company's working capital intensive nature of operations, susceptibility of its margins to the volatility in raw material prices as well as foreign exchange rates and highly fragmented and competitive nature of the paper industry. The ratings also take cognizance of GPBL's exposure to group entities in the form of loans & advances and investments.

Going forward, the ability of GPBL to sustain growth in its scale of operations and improve profitability margins amid competition and maintain a moderate gearing level shall be the key rating sensitivities.

Background

GPBL was incorporated on January 12, 2012, and is primarily engaged in manufacturing of kraft paper and mild steel ingots. GPBL is the resulting company pursuant to the scheme of arrangement implemented in FY14 as per which erstwhile Genus Paper Products Limited (GPPL) was merged into Genus Power Infrastructures Limited (GPIL) and the 'Non Power Infrastructure Business' of GPIL was demerged into GPBL. The manufacturing facility of the company is located at Moradabad, Uttar Pradesh, with installed capacity of 99,900 million tonnes per annum (MTPA) of kraft paper and 23,760 tonnes per annum of mild steel ingot as on March 31, 2016.

During FY16, on a total operating income of Rs.320.36 crore, the company reported PBILDT and PAT of Rs.29.90 crore and Rs.4.75 crore, respectively. As per the provisional results of Q1FY17 (refers to the period April 01 to June 30), the company has reported total operating income of Rs.77.50 crore, PBILDT of Rs.5.63 crore and PAT of Rs.1.25 crore, respectively.

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

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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