Press Release

January 20, 2010

CARE ASSIGNS 'AA (IS)' RATING TO ISSUER RATING AND REAFFIRMS THE EXISTING RATINGS FOR NCD, STD AND BANK FACILITIES OF MANAKSIA LTD.

CARE has assigned **'CARE AA (Is)' [Double A (Issuer rating)]** to Manaksia Ltd. (ML). The rating is only an opinion on the general creditworthiness of the rated entity and not specific to any particular debt instrument. Issuers with this rating are considered to offer high safety for timely servicing of debt obligations. Such issuers carry very low credit risk.

CARE has also reaffirmed **'CARE AA' (Double A)** rating for the outstanding NCDs of ML of Rs.60 crore. CARE has also reaffirmed the **'PR1+' (PR one plus)** rating assigned to the ongoing short term debt (including commercial paper) programme of ML up to Rs.160 crore for maturity up to one year. ***The STD shall be placed by earmarking fund-based tied-up working capital limit with the banks.***

Further, CARE has also reaffirmed **'CARE AA' (Double A)** rating for the long/medium-term bank facilities and **'PR1+' (PR one plus)** rating for the short-term bank facilities of ML aggregating Rs.437.18 crore (reduced from Rs.500.0 crore).

While 'Double A' rating is applicable for facilities having tenure over one year, 'PR one plus' rating is applicable for facilities having tenure up to one year.

Instruments/facilities with 'Double A' rating are considered to offer high safety for timely servicing of debt obligations. Such instruments/facilities carry very low credit risk. Instruments/facilities with 'PR one plus' rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk. This is the highest rating which CARE assigns to short-term instruments/facilities. CARE assigns '+' or '-'signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol. A snapshot of the ratings is as under:-

Instrument/Facilities	Amount (Rs. cr)	Rating
Bank Facilities	437.18	**CARE AA/PR1+**
NCD	60.00	**CARE AA**
STD	160.00	**PR1+**
Issuer Rating	-	**CARE AA (Is)**
Total	**657.18**	

Rating Rationale

The ratings continue to draw strength from ML's long & established track record, considerable experience of promoters, diversified lines of business with strong focus in metal (steel & aluminum) segment, increasing presence in the overseas market, widespread manufacturing facilities, satisfactory client profile with long association and comfortable financial position. The ratings also factor in wide fluctuation in input prices, cyclicality in metal industry, intense competition, growing business concentration risk in Nigeria and sensitiveness of sales prices to exchange fluctuation. Ability to maintain margins in the metals business in the wake of volatility in sales price realisation & key raw material prices and to contain foreign exchange fluctuation risk will remain the key rating sensitivities.

Company Profile

ML, a Kolkata based company, is a multi product and a multi location company engaged in manufacturing of aluminum & steel sheets, mosquito coils & stands, ROPP caps, crown closures and metal containers at 17 locations across the country.

ML earned PBILDT of Rs.98.1 crore and PAT (after defd. tax) of Rs.25.9 crore in FY09 on net sales (net of inter-segment revenue) of Rs.814.3 crore. ML's net sales (net of inter-segment revenue) increased by about 23% in FY09 from FY08. PBILDT however, increased at a relatively lower rate during the same period mainly due to volatility in the prices of aluminum and steel products and higher amount of low margin trading business executed during Q3FY09.

Lower increase in PBILDT together with about 34% y-o-y increase in capital charge resulted in a substantial fall in PAT (after defd. tax) level. Gross cash accrual remained at the same level. Both long term debt equity and overall gearing ratios as on Mar.31, 2009 were very comfortable.

The working results for the half year ended Sep.30, 2009 were bit depressed with 20% fall in net sales, 30% fall in PBILDT and about 50% fall in PAT(after defd. tax).

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CARE 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.

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