

July 15, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES & INSTRUMENTS OF NILKAMAL LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term fund based Bank limits	312.44 (reduced from 438.48)	CARE AA- [Double A Minus]	Reaffirmed
Short-term non-fund based Bank limits	120.00	CARE A1+ [A One Plus]	Reaffirmed
Total	432.44		
Commercial Paper (CP) issue*	50.00	CARE A1+ [A One Plus]	Reaffirmed

*-Carved out of the sanctioned working capital limits of the company.

Rating Rationale

The reaffirmation of the ratings assigned to bank facilities & instruments of Nilkamal Limited (NKL) continue to derive strength from well-established market position of NKL in moulded plastic industry and reputed brand in plastic material handling & furniture segment. Further, the ratings also factor in NKL's steady operational performance translating into healthy overall financial risk profile.

The above mentioned rating strengths are however tempered by exposure of volatility of raw material prices, presence of high competition prevalent in moulded plastics industry and lower returns from 'lifestyle, furniture and others' division.

Improving home furnishing business along with increasing margins in plastics business and ability to maintain healthy financial risk profile remains key rating sensitivities.

Background

NKL promoted by Mr. Vamanrai V Parekh and Mr. Sharad V Parekh is into manufacturing and marketing of moulded plastic products across India and abroad. The company is also into retailing of readymade furniture and furnishing items. At consolidated level, the company reported Profit After Tax (PAT) of Rs. 50.48 crore on Total Operating Income (TOI) of Rs. 1,897.67 crore in FY15 (refers to the period April 01 to March 31) as compared to PAT of Rs. 47.05 crore on TOI of Rs. 1,754.88 crore in FY14.

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****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.

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

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