

APRIL 14, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF TCPL PACKAGING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	176.72 (reduced from Rs.193.04 crore)	CARE BBB+ (Triple B Plus)	Reaffirmed
Short term Bank Facilities	9.00	CARE A2 (A Two)	Reaffirmed
Total Facilities	185.72		

Rating Rationale

The reaffirmation of ratings assigned to the bank facilities of TCPL Packaging Limited (TCPL) continue to derive strength from the company's track record in the packaging industry, well-established relationship with reputed clientele, application of products in various industries, satisfactory operational set-up and moderate debt service coverage parameters.

The rating strengths are however tempered by the recurrent debt-funded capital expenditure requirements, high dependence on the cigarette industry albeit on a reducing trend, limited pricing flexibility and above average leveraged capital structure of the company.

Going forward, the ability of the company to maintain growth momentum, improve capital structure, achieve optimum utilizations from additional capacities, successfully diversify product as well as client base would remain the key rating sensitivities.

Background

TCPL Packaging Limited (TCPL), formerly Twenty-First Century Printers Ltd was incorporated in August 1987. The company is involved in manufacturing of paper board based printed packaging material with the manufacturing facilities at Silvassa, Haridwar, Goa and Guwahati. The company supplies its products to various customers in industries like cigarette, liquor, fast moving consumer goods (FMCG), etc. All the plants are ISO 9001: 2008, ISO 22000: 2005 certified and are also compliant with BRC/IoP Global Standard-Packaging Issue 3, which is suitable for direct food contact. In addition, plants at Silvassa and Haridwar are also FSC (Forest Stewardship Council) certified & SEDEX (Supplier Ethical Data Exchange) Compliant. The total installed capacity stood at 71,400 Metric tonne per annum (MTPA) as on March 31, 2015.

In FY14 (refers to the period April 1 to March 31), the company has earned a PAT of Rs.12.50 crore (PY Rs. 13.51 crore) on total operating income of Rs. 395.24 crore (PY Rs. 375.07 crore). During 9MFY15, TCPL reported a PAT of Rs.23.51 crore on a total income of Rs.368.89 crore as compared with a PAT of Rs.8.26 crore on a total income of Rs.286.80 crore in 9MFY14.

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

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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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