

APRIL 15, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF TCPL PACKAGING LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	152.73 (reduced from Rs.176.72 crore)	CARE A- (Single A Minus)	Upgraded from CARE BBB+ (Tripal B Plus)
Short-term Bank Facilities	9.00	CARE A2+ (A Two Plus)	Upgraded from CARE A2 (A Two)
Total Facilities	161.73 (Rupees One Hundred Sixty One crore and Seventy Three lakh only)		

Rating Rationale

The revision of the ratings assigned to the bank facilities of TCPL Packaging Limited (TCPL) is on account of successful track record of the company with regards to the growth in operations and profitability along with continuous timely execution of the expansion projects with effectively utilizing the capacity.

The ratings continue to derive strength from the company's track record in the packaging industry, well-established relationship with reputed clientele from various industries, satisfactory operational set-up, improved financial performance in FY15 (refers to the period April 1 to March 31) & 9MFY16 (UA) 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, limited pricing flexibility and moderately leveraged capital structure of the company.

Going forward, the ability of the company to maintain growth momentum, improve capital structure and continue to achieve optimum utilization from additional capacities would remain the key rating sensitivities.

Background

TCPL, formerly Twenty-First Century Printers Ltd was incorporated in August 1987. The company is involved in the manufacturing of paper board-based printed packaging material with manufacturing facilities at Silvassa, Haridwar, Goa and Guwahati. The company supplies its products to various customers in industries like

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

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 FY15, the company has earned a PAT of Rs.32.19 crore (PY Rs.12.50 crore) on total operating income of Rs.498.61 crore (PY Rs.395.24 crore). During 9MFY16, TCPL reported a PAT of Rs.28.87 crore on a total income of Rs.434.86 crore as compared with a PAT of Rs.23.51 crore on a total income of Rs.368.88 crore in 9MFY15.

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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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