

August 23, 2010

**CARE ASSIGNS 'CARE BBB' AND 'PR3+' RATINGS TO THE BANK FACILITIES OF
GOA CARBON LTD.**

Ratings Assigned

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	51.00	'CARE BBB' (Triple B)	Assigned
Short-term Bank Facilities	245.00	'PR3+' (PR Three Plus)	Assigned
Total Facilities	296.00		

Rating Rationale

The ratings derive strength from the long track record of GCL in the Calcined Petroleum Coke (CPC) industry, its professionally qualified and experienced management, the company's long-standing relationship with its clients and geographically diversified manufacturing setup of the company. The ratings also factor in the absence of any long-term debt in the company. However, the ratings are constrained by GCL's exposure to the raw material price volatility and currency risk, moderately high working capital cycle mainly due to high inventory holding period and high overall gearing ratio. Besides, the profit margins are susceptible to volatile raw material prices due to GCL's inability to pass on the raw material price rise, as witnessed in FY10.

The ability of GCL to manage the commodity price risk as well as maintain its profit margins are the key rating sensitivities.

¹“Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications”.

Company Profile

GCL, incorporated in 1967, is a part of the Dempo Group which has interest in iron ore mining and exports, pig iron, marine and industrial paints, construction, publishing, ship building, travel and trade. GCL is engaged in manufacturing of CPC having 240,000 metric tonne per annum capacity. During FY10 GCL posted total income of Rs.213 crore, a y-o-y drop of about 51%, mainly due to substantial fall in the commodity prices. The fall in prices coupled with high-priced inventory led to substantial drop PBILDT and PAT margin of the company from 7.30% and 2.85% in FY09 to 5.30% and 0.07% in FY10.

Analyst Contact

Name: Mr. Mahendra Patil

Tel # 022 6754 3443

Mobile # 9920145989

Email: mahendra.patil@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.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com</p>

