

June 1, 2010

CARE ASSIGNS 'BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF GUJARAT FOILS LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	73.32	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	11.00	'PR3' (PR Three)	Assigned
Total Facilities	84.32		

Rating Rationale

The ratings derive strength from the experience of GFL's management in the aluminium industry, moderate gearing ratios, the support from the promoters evidenced by the infusion of funds in the company, proximity to the supplier of its key raw material i.e. aluminium coils and the successful completion of the company's expansion project as per schedule. The rating also factors in the stable growth prospects of the principal end-user sectors i.e. pharmaceutical and retail packaging.

The ratings are constrained by the relatively small size of GFL's operations, the company's low profitability margins, a significant supplier concentration risk, its long working capital cycle and moderate liquidity parameters.

GFL's ability to successfully stabilize the operations of its enhanced capacities, and to undertake and fund any backward integration programme in future without deteriorating its current financial position are the key rating sensitivities.

Company Profile

GFL, incorporated in 1992, primarily manufactures aluminium sheets/foils for applications in the bottle caps in the brewery and pharmaceutical sectors. It was acquired by the current promoters' viz. Mr. Abhay Lodha and Mr. Vimal Kumar Somani during the year 2008. Subsequently, GFL has expanded the capacities of the plant and successfully established a new plant for foil manufacturing. It mainly sources its key raw material i.e. aluminium coils from Hindalco.

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

On a total net sales of Rs.74.55 crore GFL earned a PAT of Rs.0.26 crore in FY09. It has achieved net sales of Rs.88.09 crore in 9MFY10 with PBILDT of Rs.7.05 crore and PAT of Rs.3.60 crore.

Analyst Contact

Name: Shailendra Gavali
Tel # 6754 3404
Mobile # 98199 71118
Email: shailendra.gavali@careratings.com

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.

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 Place No. 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.Ashwini Jani 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 – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@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>