

May 5, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF MANAKSIA LTD.****Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	209.44	'CARE AA' (Double A)	Reaffirmed
Short-term Bank Facilities	290.56 (enhanced from Rs.220.00 crore)	'PR1+' (PR One Plus)	Retained
<b>Total Facilities</b>	<b>500.00</b>		

**Rating Rationale**

The ratings continue to draw strength from ML's long & established track record, considerable experience of promoters, diversified lines of business with strong focus in metal (steel & aluminum) segment, increasing presence in the overseas market, widespread manufacturing facilities, satisfactory client profile with long association and comfortable financial position. The ratings also factor in wide fluctuation in input prices, cyclicity in metal industry, intense competition, growing business concentration risk in Nigeria and sensitiveness of sales prices to exchange fluctuation. Ability to maintain margins in the metals business in the wake of volatility in sales price realisation & key raw material prices and to contain foreign exchange fluctuation risk will remain the key rating sensitivities.

**Company Profile**

ML, a Kolkata based company, is a multi product and a multi location company engaged in manufacturing of aluminum & steel sheets, mosquito coils & stands, ROPP caps, crown closures and metal containers at 17 locations across the country.

ML earned PBILDT of Rs.98.1 crore and PAT (after defd. tax) of Rs.25.9 crore in FY09 on net sales (net of inter-segment revenue) of Rs.814.3 crore. Both long term debt equity and overall gearing ratios as on Mar.31, 2009 were very comfortable.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

The working results for the nine months ended Dec.31, 2009 were bit depressed with 24% fall in net sales and 32% fall in PBILDT over the corresponding period previous year. Lower PBILDT coupled with a cash foreign exchange fluctuation loss led to a fall in PAT (after defd. tax) level & margin. Lower PBILT led to a fall in interest coverage ratio in the aforesaid period.

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