

June 14, 2010

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
NEO CARBONS PVT. LTD.****Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	15.0	'CARE BBB' (Triple B)	Reaffirmed
Short-term Bank Facilities	2.0	'PR3' (PR Three)	Reaffirmed
<b>Total Facilities</b>	<b>17.0</b>		

**Rating Rationale**

The aforesaid ratings continue to draw strength from the considerable experience of the promoter, impressive client portfolio, improving profitability & overall financial position and satisfactory demand outlook for Calcined Petroleum Coke (CPC), being in line with the growth in the aluminium industry. The ratings also take cognisance of infusion of funds by the promoter group in the form of unsecured loans and company having zero outside debt. The ratings however, continues to remain constrained by the relatively small size of the company with informal management set-up, dependence on single product, volatility in raw material & finished goods prices, dominance of large players both on the supply and demand fronts, high customer concentration risk, substantial dependence on the fortunes of the aluminium industry, high level of competition and risk of dumping by the foreign countries. Movement in raw material & finished goods prices and ability of the company to scale-up its operations and improve its profitability would remain the key rating sensitivities.

**Company Profile**

Neo Carbons Pvt. Ltd. (NCPL), incorporated in June 1981, belongs to Maniyar group of Kolkata. It is engaged in manufacturing of Calcined Petroleum Coke (CPC) which is used by aluminium smelters as a raw material for the preparation of anode and by the steel industries as re-carburiser. The manufacturing facility located at Barauni, Bihar, is in the vicinity of refinery of Indian Oil Corporation Ltd. (IOC). The company, during FY10, commissioned a plant for manufacturing carbon electrode paste, which finds usage in the ferro alloys industry.

<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 company earned PBILDT of Rs.11.4 crore (Rs.7.0 crore in FY08) and PAT (after defd. tax provision) of Rs.6.4 crore (Rs.2.2 crore in FY08) on total income of Rs.110.8 crore (Rs.80.8 crore in FY08) in FY09. Interest coverage ratio, improved significantly for the aforesaid period. Both overall gearing ratios (excluding unsecured loans from promoters) and current ratio, also improved significantly as on Mar.31, 2009.

The working results for FY10 indicated decline in sales and profitability, although they were comfortable.

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