

June 16, 2010

**CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF
NEO CORP INTERNATIONAL LTD.
AND PLACES THE RATINGS ON 'CREDIT WATCH'**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	36.35	'CARE BBB-' (Triple B Minus) 'Credit Watch'	Reaffirmed and placed on 'Credit Watch'
Short-term Bank Facilities	12.35	'PR3' (PR Three) 'Credit Watch'	Reaffirmed and placed on 'Credit Watch'
Total Facilities	48.70		

CARE has placed both the above ratings on 'credit watch' with developing implications in view of major fire incident in one of its plants and consequent uncertainty over the extent of loss, timeliness of insurance claim receipt and its implications on the debt servicing capability of the company. CARE will take a view on the ratings once the above details are made available.

Rating Rationale

The ratings continue to take into account NCIL's long and established operations in flexible packaging industry, improved product mix and moderate gearing level. The ratings, are constrained by its relatively small size of operations and risk associated with debt funded capex, further aggravated by heavy loss incurred due to the recent fire accident. High level of competition in domestic market and strong bargaining power of polymer suppliers further continue to constrain the ratings. NCIL's ability to generate adequate cash accruals on the back drop of production loss due to the fire accident and timely stabilization of affected manufacturing facilities are the key rating sensitivities.

Company Profile

NCIL was promoted by Shri Kailashchandra Trivedi in 1985 as a private limited company to manufacture plastic woven and knitted packaging products. NCIL, in 1997, broadened its product portfolio by adding flexible intermediate bulk containers (FIBC). Subsequently the company has started manufacturing high-end FIBCs and has improved its product mix further in FY08 and FY09 by diversifying into agrotech and geotech products.

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

During FY09, NCIL registered total income of Rs.128.31 crore with PAT of Rs.6.40 crore as compared to total income of Rs.108.81crore with PAT of Rs.7.17 crore in FY08. During 9MFY10, NCIL registered total income of Rs.115.87 crore with PBILDT of Rs.13.35 crore.

Analyst Contact

Name: Yogesh Shah
Tel # 079-40265603
Mobile # +91 94288 13912
Email: yogesh.shah@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 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.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 NagarHyderabad - 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>