

July 13, 2010

CARE ASSIGNS 'CARE BB' AND 'PR4' RATINGS TO THE BANK FACILITIES OF REGENCY CERAMICS LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	121.38	'CARE BB' (Double B)	'Assigned'
Short-term Bank Facilities	12.62	'PR4' (PR Four)	'Assigned'
Total Facilities	134.00		

Rating Rationale

The ratings take into account losses in the recent past leading to substantial erosion of networth and the weak financial position resulting in restructuring of debt, high dependence on the availability of natural gas, subdued outlook for the real estate sector – a major user segment for Regency, and highly fragmented nature of the industry.

The rating is however underpinned by Regency's track record of more than two decades, experienced management and the likely benefits to be achieved from an integrated business model, wherein the company is engaged in all activities from clay sourcing to transportation. The ability of the company to have assured access to natural gas supply and improve its operational and financial position remain the key rating sensitivities.

Company Profile

Regency Ceramics Limited (Regency), incorporated in 1983 by Regency Group, is engaged in manufacturing and exporting of Ceramic tiles. The company manufactures Ceramic tiles at its sole manufacturing facility in the union territory of Yanam near Andhra Pradesh. The 2,50,000 MTA capacity of the company is primarily used to manufacture floor tiles and wall tiles.

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



Press Release

On a total income of Rs.155 crore, Regency incurred a net loss of Rs.15 crore in FY09. In the half-year ended September 2009, the company incurred a loss of Rs.7 crore on a total income of Rs.77 crore.

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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.

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