

May 7, 2010

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES OF RUBY MACONS LTD

CARE has retained the '**CARE A**' [**Single A**] rating assigned to the long-term bank loans/facilities of Ruby Macons Ltd (RML). This rating is applicable for facilities having tenure of more than one year.

Facilities with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such facilities carry low credit risk.

Further, CARE retained the '**PR1+**' [**PR One Plus**] rating assigned to the short-term bank loans/facilities of RML. This rating is applicable to facilities having tenure up to one year. Facilities with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position of the company within the band covered by the rating symbol.

Sr. No.	Facility	Amount (Rs. Cr)	Rating
1	Long-term loans / facilities	63.50	'CARE A'
2	Short-term loans / facilities	7.50	'PR 1+'
	Total	71.00	

Rating Rationale

The ratings factor in RML's established operations in paper industry as one of the leading suppliers of paper machinery as well as manufacture of kraft paper. The ratings also take in account its relatively strong financial risk profile characterized by stable profitability, moderately low gearing levels and comfortable liquidity position. The ratings are, however, constrained by cyclical nature of the industry and risk associated with volatility in raw material prices. RML's ability to improve gearing level and profitability while managing the risk associated to the fluctuation in raw material prices are the key rating sensitivities.

Company Profile

Ruby Macons Ltd. (RML) was promoted in 1986 by Shri Alibhai Nathani, a technocrat having wide experience in paper industry, as a consultant to supply paper mill machinery and equipments. The company subsequently setup manufacturing facility of kraft paper in Vapi and gradually increased its capacity to presently 122,000 MTPA (metric tonne per annum), to become one of the largest in a fragmented Kraft paper industry segment. Over the period of two decades, RML established itself as a reputed supplier of paper plants in India having capacity up to 250 tpd (tonnes per day) and also as a leading manufacturer of screen basket, a consumable for paper machine.

For FY09, the company reported operating income of Rs.259.16 crore with PAT of Rs.12.09 crore compared to total operating income of Rs.213.49 cr with PAT of Rs.9.90 cr for FY08. Though improved, overall gearing was moderately low at 0.45 times as on Mar.31, 2009.

Working results for 9MFY10 (Un-audited) were better with growth in total operating income & improvement in profitability compared to corresponding period of previous year.

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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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