

February 11, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit*	3.75	SMERA B/Stable (Assigned)
Term Loan - I	1.20	SMERA B/Stable (Assigned)
Term Loan - II	1.00	SMERA B/Stable (Assigned)

**Includes sublimit of FBP/FBD upto Rs0.75 crore*

SMERA has assigned a rating of '**SMERA B**' (read as SMERA single B) to the Rs.5.95 crore bank facilities of Rolex Reclaim Private Limited (RRPL). The outlook is '**Stable**'. The rating is constrained by the company's short track record of operations. However, the rating is supported by the company's comfortable debt protection metrics.

RRPL, incorporated in 2011, is a Rajkot-based company engaged in manufacturing of reclaimed rubber. RRPL started commercial operations in FY2013-14 (refers to financial year, April 01 to March 31). RRPL's management does not have prior experience in the business of manufacturing reclaimed rubber. However, the promoters of the company have over two decades of experience in manufacturing of forgings and industrial components and trading of agricultural commodities.

RRPL's leverage stood at 3.53 times as on March 31, 2014. The company's total debt of Rs.6.56 crore (as on March 31, 2014) includes interest-free unsecured loans of Rs.2.02 crore from promoters, family and friends. RRPL has comfortable debt protection metrics with interest coverage ratio of 1.98 times in FY2013-14.

Outlook: Stable

SMERA believes the outlook on RRPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company registers strong growth in scale of operations while achieving sustained improvement in profit margins and liquidity position. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and liquidity position.

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About the company

RRPL, incorporated in 2011, is a Rajkot-based company engaged in manufacturing of reclaimed rubber. RRPL has a manufacturing unit in Pipalaya (near Rajkot), with installed production capacity of 7,200 metric tonnes per annum.

For FY2013-14, RRPL reported profit after tax (PAT) of Rs.0.25 crore on operating income of Rs.11.47 crore. The company reported operating income of Rs.9.90 crore (provisional) for the nine months ended December 2014. RRPL's net worth stood at Rs.1.86 crore as on March 31, 2014.

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