

March 11, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	12.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	3.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.12.00 crore long-term (fund based) bank facility and '**SMERA A4**' (read as **SMERA A four**) to the Rs.3.00 crore short-term (non-fund based) bank facility of T C Communication Private Limited (TCCPL). The outlook is '**Stable**'. The ratings are supported by the company's established track record of operations, moderate financial risk profile and healthy operating profit margin. The ratings also draw comfort from the company's experienced management. However, the ratings are constrained by the company's working capital-intensive operations. The ratings are also constrained by the company's exposure to intense competition in the wires and cables industry.

TCCPL, incorporated in 2000, is a New Delhi-based company engaged in manufacturing of electrical wires and cables. TCCPL's moderate financial risk profile is marked by leverage (debt-equity ratio) of 0.77 times as on March 31, 2014 and interest coverage ratio of 1.52 times in FY2013-14. The company's total debt of Rs.17.57 crore (as on March 31, 2014) includes unsecured loans of Rs.8.40 crore from related parties. The aforementioned unsecured loans are subordinated to bank debt. SMERA has treated such unsecured loans as quasi-equity. TCCPL reported healthy operating profit margin of 6.39 per cent in FY2013-14 (refers to financial year, April 01 to March 31). The company benefits from its experienced management. Mr. Ashok Bathwal, director of TCCPL, has around 25 years of experience in the company's line of business.

TCCPL's operations are working capital-intensive with working capital cycle of 147 days and gross current assets of 168 days in FY2013-14. The company operates in an intensely competitive segment of the wires and cables industry.

Outlook: Stable

SMERA believes TCCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues and profitability. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

About the company

TCCPL, incorporated in 2000, is a New Delhi-based company engaged in manufacturing of electrical wires and cables. TCCPL's product portfolio includes teflon cables, rubber cables, telephone cables,

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thermocouple cables, instrumentation cables and power cables. The company has a manufacturing unit in Ghaziabad, with total production capacity of 75 lakh meters per annum.

For FY2013–14, TCCPL reported profit after tax (PAT) of Rs.0.26 crore on operating income of Rs.36.21 crore, as compared with PAT of Rs.0.28 crore on operating income of Rs.35.91 crore in FY2012–13. The company registered operating income of Rs.34.98 crore (provisional) during April 2014 to January 2015. TCCPL's net worth stood at Rs.11.86 crore as on March 31, 2014, as compared with Rs.12.84 crore a year earlier.

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