

December 15, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	3.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4+ (Assigned)
Proposed Fund based/Non fund based	0.25	SMERA BB-/Stable/SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB- (read as SMERA double B minus)**' and '**SMERA A4+ (read as SMERA A four plus)**' to the above mentioned bank facilities of Relicab Cable Manufacturing Limited (RCML). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management, reputed clientele and improving profit margins. The rating also factors in benefits expected from the company's upcoming Initial Public Offer (IPO). However, the ratings are constrained by the subdued revenue growth and working capital intensive nature of operations. The ratings also factor in the susceptibility of the company's profitability to fluctuations in raw material prices.

Outlook: Stable

SMERA believes that RCML will continue to benefit over the medium term from its established presence in the cables and wires industry and association with a reputed customer base. The outlook may be revised to 'Positive' if the company's scale of operations increases significantly while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in the revenues and profit margins, or if the company registers major deterioration in the capital structure on account of higher-than-expected working capital requirements.

Rating Sensitivity Factors

- Increase in scale of operations and maintaining operating margins
- Working capital management

About the Company

RCML, incorporated in 2009, took over the existing business of Relicab Cable Corporation (partnership firm) that was established in 1999. The company is engaged in the manufacture of PVC compounds, PVC wires & cables. The company's facility at Daman has a manufacturing capacity of 7,500 km per annum for wires & cables and 1,500 tons per annum for PVC compound. The company is headed by Mr. Suhir Shah and Mr. Parag Shah.

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SMERA RATINGS LIMITED

Relicab Cable Manufacturing Limited (RCML)

Rating Rationale

For FY2014-15, RCML reported profit after tax (PAT) of Rs.0.13 crore on operating income of Rs.11.83 crore, as compared with PAT of Rs.0.05 crore on operating income of Rs.11.09 crore in the previous year.

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