



Press Release
Relicab Cable Manufacturing Limited
November 29, 2024
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	4.25	ACUITE B+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	0.29	Not Applicable Withdrawn	-
Bank Loan Ratings	7.75	-	ACUITE A4 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	12.29	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of ‘**ACUITE B+**’ (read as **ACUITE B plus**) and the short-term rating of ‘**ACUITE A4**’ (read as **ACUITE A four**) on the Rs. 12.00 Cr. bank facilities of Relicab Cable Manufacturing Limited (RCML). Further, Acuite has also withdrawn its long-term rating on Rs 0.29 crore proposed bank facilities of Relicab Cable Manufacturing Limited without assigning any rating as it is a proposed facility. The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for rating reaffirmation

The rating reaffirmation of RCML takes into account the company’s stable operational performance in FY24. It also draws comfort from the company’s experienced management with an established track record of operations and its reputed clientele. The rating is however constrained by the RCML’s moderately intensive working capital operations and the average financial risk profile of the company.

About the Company

RCML incorporated in 2009, is a public limited company engaged into manufacturing and marketing of PVC Compounds, wires and cables used across industries like telecom, electrical, automotive and household appliances. The company is based out of Daman, Gujarat and it took over the running business of wires and cables manufacturing carried out since 1999 under the name of ‘M/s. Relicab Cable Corporation (Partnership concern).

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone view of the business and financial risk profile of RCML to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management with an established track record of operations

RCML has an operational track record of nearly two decades. It is promoted by Mr. Suhir Hiralal Shah who

possess an extensive experience of over two decades in the wires and cable industry. He is supported by other directors Ms. Vijaya More, Mr. Rajesh Gor and Mr. Mushtaque Khan who possess nearly a decade of experience in the same industry. The promoter and directors are being supported by its team of experienced professionals in managing day to day operations of RCML. The extensive experience of the management has enabled RCML to establish a healthy relationship with its reputed clienteles like ABB India, Schneider Electric, Crompton Greaves,

Stable operating performance

The revenue of the company stood increased at Rs. 38.02 crore in FY24 compared to revenue of Rs.34.73 crore in FY23. The revenue of the company increased in FY24 on account of significant increase in the orders from both domestic and export markets for the manufacturing of PVC compounds, wires and cables which are useful across industries like telecom, electrical, automotive and household appliances. The operating profit margin of the company stood improved at 11.55 percent in FY24 compared against 10.64 percent in FY23. The PAT margin of the company stood at 4.06 percent in FY24 compared to 4.34 percent in FY23.

Weaknesses

Average financial risk profile

Relicab Cable Manufacturing Limited has an average financial risk profile marked by modest net worth, moderate gearing and average debt protection metrics. RCML's net worth stood marginally improved to Rs. 11.89 crore as of March 31, 2024 against Rs. 10.92 crore as of March 31, 2023, on account of accretion of profits to reserves. The company's gearing stood at 0.92 times as on March 31, 2024 as against 0.97 times as on March 31, 2023. The company's total debt as on March 31, 2024 stood at Rs. 10.93 crore as compared to Rs. 10.62 crore as on March 31, 2023; Long-term debt of Rs. 0.18 crore, short-term debt of Rs. 4.23 crore and Unsecured loans from promoters/directors of Rs. 6.23 crore. TOL/TNW stood at 1.85 times as on March 31, 2024. The interest coverage ratio of the company stood at 1.71 times in FY24 against 1.76 times in FY23. DSCR stood at 1.48 times in FY2024 against 1.52 times in FY2023.

Working capital intensive operations

Relicab Cable Manufacturing Limited has moderately intensive working capital operations with average gross current asset (GCA) days standing over 267 days during FY22 to FY24. GCA days marginally decreased and stood at 248 days in FY2024 against 287 days in FY2023. The GCA Days stood higher due to the elongated inventory levels of the company. Inventory days stood at 164 days in FY2024 against 165 days in FY2023 as the company tends to manufacture and store wires and cables and then sell as and when demand is raised. The debtor days stood lower at 97 days for FY24 against 115 days for FY23. The average credit period allowed to the customers is around 90-120 days. The creditor days of the company stood at 128 days for FY24 as against 170 days for FY23. The average credit period allowed by the suppliers is around 90-120 days.

Rating Sensitivities

Not applicable

Liquidity Position

Adequate

Liquidity is adequately backed by RCML's net cash accruals, which stood at Rs. 1.74 Cr. as on March 31, 2024, against maturing debt repayment obligation of Rs. 0.28 Cr. for the same period. The cash and bank balances of the company stood at Rs. 0.03 Cr. as on March 31, 2024. The current ratio stood at 1.85 times as on March 31, 2024. The working capital operations of the company are moderately intensive marked by its gross current asset (GCA) days of 248 days for FY2024 as against 287 days for FY2023.

Outlook: Not Applicable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	38.02	34.73
PAT	Rs. Cr.	1.54	1.51
PAT Margin	(%)	4.06	4.34
Total Debt/Tangible Net Worth	Times	0.92	0.97
PBDIT/Interest	Times	1.71	1.76

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Jul 2024	Letter of Credit	Short Term	2.75	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4 (Downgraded & Issuer not co-operating* from ACUITE A4+)
	Proposed Long Term Bank Facility	Long Term	0.29	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- Stable)
	Cash Credit	Long Term	4.25	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- Stable)
25 Apr 2023	Letter of Credit	Short Term	2.75	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.29	ACUITE BB- Stable (Reaffirmed)
	Cash Credit	Long Term	4.25	ACUITE BB- Stable (Reaffirmed)
01 Feb 2022	Bank Guarantee/Letter of Guarantee	Short Term	5.00	ACUITE A4+ (Reaffirmed)
	Letter of Credit	Short Term	2.75	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	4.25	ACUITE BB- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.29	ACUITE BB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A4 Reaffirmed & Withdrawn
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.25	Simple	ACUITE B+ Reaffirmed & Withdrawn
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.75	Simple	ACUITE A4 Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.29	Simple	Not Applicable Withdrawn

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About Acuité Ratings & Research

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