



SMERA RATINGS LIMITED

# Shivpriya Cables Private Limited (SCPL)

## Rating Rationale

**February 05, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	1.00	SMERA BB+/Stable (Assigned)
Cash Credit	21.00	SMERA BB+/Stable (Assigned)
Bank Guarantee	12.50	SMERA A4+ (Assigned)
Letter of Credit	8.00	SMERA A4+ (Assigned)

SMERA assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.22.00 crore long term bank facilities and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.20.50 crore short term bank facilities of Shivpriya Cables Private Limited (SCPL). The outlook is '**Stable**'.

The ratings derive comfort from the company's long track record of operations and moderate financial risk profile backed by comfortable leverage (debt/equity). The ratings also draw comfort from the moderate coverage indicators, healthy profitability margins, experienced management and established business relationships. However, the ratings are constrained by the working capital intensive operations and intense competition in the cable and wire industry.

### Outlook: Stable

SMERA believes that SCPL will maintain a stable business profile owing to the experienced management and long track record of operations. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of large debt funded capex and further deterioration of the financial risk profile.

### About the Company

SCPL, incorporated in 2008, is engaged in the manufacture and supply of power cables, control cables, aerial bunched cables among others. The company is promoted by Mr. Ajay Kumar Gupta and Mr. Ayush Gupta (Directors) and has two manufacturing units at Bhiwadi, Rajasthan.

The company reported profit after tax (PAT) of Rs.1.72 crore on operating income of Rs.104.20 crore in FY2015 as compared to PAT of Rs.1.86 crore on operating income of Rs.101.69 crore for the previous year. The net worth stood at Rs.33.74 crore (including unsecured loans from directors) for FY2015 as compared to Rs.22.49 crore (including unsecured loans from directors) during the previous year.

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## Rating Rationale

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