



SMERA RATINGS LIMITED

Yamuna Cable Accessories Private Limited (Yamuna Cables)

*Rating
Rationale*

May 06, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	12.00	SMERA BBB-/Stable (Assigned)
Term Loan	2.79	SMERA BBB-/Stable (Assigned)
Inland Letter of Credit	5.00	SMERA A3 (Assigned)
Stand by Letter of Credit	2.72	SMERA A3 (Assigned)

SMERA has assigned rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and short term rating '**SMERA A3**' (read as **SMERA A three**) to the Rs. 22.51 crore bank facilities of Yamuna Cable Accessories Private Limited (Yamuna Cables). The outlook is '**Stable**'. SMERA has taken a consolidated view of Yamuna Cables and its group company – Yamuna Power & Infrastructure Limited (Yamuna Power), together referred to as the Yamuna Group. The consolidation is in the view of the common management and significant operational linkages between the two entities.

The rating is supported by the healthy revenue growth registered by the group in FY2015, moderate scale of operations marked by consolidated group revenue of ~Rs.160.00 crore in FY2015 and healthy order book (orders in hand of Rs.40.00 crore to be executed in the next three months). The rating is also supported by the established operations and leading position of the group in the manufacture of cable jointing kits and insulators. Further, the rating also factors in the comfortable return indicators, low capitalisation ratios and healthy coverage indicators. However, the rating is constrained by the significant increase in the receivable days (from 86 days as on march 31st 2015 to 149 days as on March 31st 2016) that has increased mainly due to build-up of receivable with SEB (State Electricity Board) of Yamuna Power. The rating also factors in the exposure of the profitability to raw material fluctuation risk and the competitive nature of the cable jointing kits and insulators business.

Outlook: Stable

SMERA believes that the Yamuna cable will continue to maintain a stable business profile over the medium term owing to its experienced management and established presence of the company in the power equipments industry. The outlook may be revised to 'Positive' if the group registers sustained growth in revenues while improving margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the profit margins on account of depressed margins in the domestic market.

Rating Sensitivity Factors

- Decrease in the receivables
- Improvement in the profitability margins

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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About the Group

About Yamuna Cable

Incorporated in 1996, Yamuna Cables was promoted by Mr. Shyam Sunder Sadana. The company is engaged in the manufacture of cable jointing kits (a few export orders and sales are routed through Yamuna Power, a group company) and cable accessories. The company sells products under the 'DENSONS' brand name and its plant is located at Yamuna Nagar, Haryana.

About Yamuna Power

Incorporated in 1973, Yamuna Power was promoted by Mr. Shyam Sunder Sadana. The company is engaged in the trading and manufacturing of power transmission equipments such as composite polymeric insulators, vacuum circuit breakers (VCB), cable jointing kits among others. The erstwhile Yamuna Gases and Chemicals Limited was changed to Yamuna Cables in 2007. The manufacturing plant is located in Yamuna Nagar, Haryana.

For FY2014-15, the group reported profit after tax (PAT) of Rs.8.39 crore on operating income of Rs.160.83 crore, as compared with PAT of Rs.4.85 crore on operating income of Rs.141.51 crore in FY2013-14. The net worth of the group stood at Rs.51.37 crore as on March 31, 2015 against Rs.40.46 crore a year earlier. The group has achieved revenue of ~Rs.168.87 crore in FY2016 (provisional).

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