Rating Rationale

Shashwat Cables Pvt. Ltd.

October 27, 2017

Brickwork Ratings reaffirms the rating for the Long Term Bank Loan Facilities amounting to Rs. 5 Crs. and withdraws the rating for Short Term Bank Loan Facilities of Shashwat Cables Pvt. Ltd

Particulars:

Facility Rated	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous Rating	Rating Assigned
Fund Based					
Cash Credit	4.00	5.00	Long Term	BWR B- (Pronounced BWR Single B Minus) (Outlook: Stable)	BWR B- (Pronounced BWR Single B Minus) (Outlook: Stable) [Reaffirmation]
Non Fund Based					
Letter of Credit	2.00	0.00	Short Term	BWR A4 (Pronounced BWR A Four)	Withdrawal
Total	6.00	5.00	Rupees Five Crores Only		

***** Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financials upto FY16, provisional financials for FY17, projected financial statements up to FY19, publicly available information and information/clarifications provided by the Company.

The rating has, inter alia, factored in the experienced management and continued financial support in the form of unsecured loans. The rating is, however, constrained by weak financial risk profile of the company marked by low profitability margins, weak debt protection metrics , stretched liquidity position and negative net worth.

Going forward scaling up of business, meeting projections and ensuring timely servicing of debt would be the key rating sensitivities.

Key Rating Drivers:

Experienced Management: The directors of the company have more than a decade of experience in the line of business.

Low profitability margins: Due to highly competitive nature of the industry and small scale of operations margins of the company declined in FY17 as compared to profitability margins in FY16. Net profitability margin for the company has gone down from 1.07% in Fy16 to 0.43% in FY17

Weak debt protection metrics: Debt protection metrics of the company has continued to be weak on account of low profitability margins. ISCR & DSCR for the company stood at 1.29 times and 1.32 times respectively in FY17 against 1.39 times and 1.37 times respectively in FY16.

Rating Outlook: Stable

BWR believes that Shashwat Cables Pvt. Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to collect receivables promptly to improve the overall liquidity position. The rating outlook may be revised to 'Negative' if the liquidity position deteriorates any further.

About the Company:

Shashwat Cables Private Limited (SCPL), Delhi was incorporated in 2005 and is promoted by the Maheshwari family. Mr. Rajiv K. Maheshwari is the Chairman and Managing Director. The Company is engaged in manufacturing Aerial Bunched Cables (ABC) and aluminium

conductors. SCPL commenced commercial operations in 2006 in their manufacturing facility at Dehradun. The Company primarily caters to various State Power Distribution and Transmission Companies, Turnkey Contractors and other power Companies.

Company's Financial Performance:

SCPL reported operating income of Rs. 27.88 Crs. with a net profit of Rs. 0.30 Crs. in FY16 against an operating income of Rs. 18.30 Crs. with a net loss of Rs. 0.93 Crs in FY15.
On the provisional basis, the company has reported net sales of Rs. 23.49 Crs

Key Financial Figures			
Particulars	**Unit**	**FY16(Audited)**	**FY17(Provisional)**
Operating Income	**Rs. Crores**	**27.88**	**23.49**
EBITDA	**Rs. Crores**	**1.80**	**1.46**
PAT	**Rs. Crores**	**0.30**	**0.10**
TNW	**Rs. Crores**	**-0.56**	**-0.46**
Total Debt : TNW	**Times**	**-9.18**	**-17.64**
Current Ratio	**Times**	**1.32**	**1.18**

Rating History for the last three years:

Sl. No.	Facility	Current Rating (October 2017)			Rating History		
Facility Type		Type	Amount (Rs Crs)	Rating	2016 Feb	2015	2014
1.	Fund Based	Long Term	5.00	BWR B- (pronounced as BWR single B minus) Outlook: stable Reaffirmation	BWR B-	NA	NA
2	Non Fund Based	Short Term	-	Withdrawn	BWR A4	NA	NA
Total			5.00	Rupees Five Crores Only			

Status of Non-Cooperation with previous CRA - NA

Hyperlink/Reference to Applicable Criteria:

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**
- **Manufacturing Companies**

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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings
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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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