



Press Release

Rahul Cables Private Limited (RCPL)

January 01, 2025

Ratings:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	151.42 (Enhanced from Rs. 87.38 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	Simple
Short Term Facilities	120.50 (Enhanced from Rs. 89.10 crore)	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating Upgraded	Simple
Long Term/ Short Term Facilities (Proposed)	0.58 (Reduced from Rs. 23.52 crore)	IVR BBB/ Stable/ IVR A3+ (IVR Triple B with Stable Outlook/ IVR A Three Plus)	IVR BBB-/ Stable/ IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	Rating Upgraded	Simple
Total	272.50 (Rupees Two Hundred – Seventy Two crore and Fifty Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rational

Infomerics has upgraded the ratings of RCPL reflects sustained improvement in total operating income, along with stable profitability, credit profile and capital structure and strong order book. The ratings continue to derive strength from experienced promoters and long track record of operations and established customer and supplier base and distributorship agreements with reputed principals. However, these rating strengths are partially offset by working capital intensive operations, competitive nature of Industry and susceptibility of operating margin to fluctuations input prices.

The stable outlook reflects Infomerics expectations of RCPL will continue to benefit from experienced promoters' and stable revenue growth on the back strong order book .



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Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the company's revenue and/or profitability while maintaining the debt protection parameters
- Sustenance of the capital structure and improvement in debt protection metrics
- Improvement in working capital cycle leading to improvement in cash flow from operations.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters
- Deterioration in operating cycle impacting the liquidity and cash flows
- Any un-envisaged incremental debt funded capital expenditure leading to a deterioration in its overall credit profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Sustained improvement in total operating income, along with stable profitability**
RCPL's revenue has increased by ~27% on y-o-y basis during FY24 (period refers to April 1, 2023, to March 31, 2024) to Rs.581.60 crore as compared to FY23 led by strong execution of order book. RCPL has achieved total revenue of Rs.251.02 crore for 8MFY25. RCPL's EBITDA margins remained stable and at 7.54% in FY24 (FY23: 7.40%) with stable operating cost from 7.40% in FY23. Infomerics expects the RCPL's total operating income to grow steadily through FY25-FY27, driven by strong order book. EBITDA margins are expected to remain at FY24 levels over FY25-FY25, as RCPL has the ability to pass on any increase raw material prices.
- **Moderate order book position**
As on 31st October 2024, RCPL had an moderate unexecuted order book of Rs.873.74 crore (1.5x of FY24 revenue) which is expected to complete over 12-14 months provides medium term revenue visibility.



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- **Comfortable capital structure and debt protection metrics**

RCPL's capital structure has remained comfortable with overall gearing and TOL/ATNW stood at 0.68x and 1.14x respectively in FY24 (P.Y.: 0.48x and 0.95x respectively) due to stable accretion of profits to reserves despite increase in long term debt. Debt protection metrics has remained comfortable in FY24 with interest coverage ratio which stood at 4.96x in FY24 (P.Y. 4.17x) due to improvement in gross profitability with stable interest expenses. However, total debt/ NCA has slightly deteriorated but remained moderate at 3.71years in FY24 (P.Y.2.13 years) due to due overall increase in debt levels.

- **Extensive experience of the promoters and established relationships with principal suppliers**

The promoters have an extensive experience of over three decades in the electrical trading industry, which has enabled their deep understanding of market dynamics and established relationships with customers. Apart from this the company has diversified its business activities and undertakes engineering procurement and construction (EPC) contracts for electrification work, targeting Extra High Voltage (EHV) cables and Gas Insulated Substation (GIS) projects, the company has completed several projects in supplying and erection turnkey. The same has helped in establishing strong trade relations with reputable principals. The company is one of the distributors for Polycab Wires and has been associated with them for nearly two decades. The established relationship with suppliers has enabled the company to establish a diverse product profile.

Key Rating Weaknesses

- **Working capital intensive operations**

RCPL working capital remains elongated with the net operating cycle stood at 97 days at the end of FY24 (P.Y. 96 days) due to increase in collection days which has increased to 86 in FY24 (P.Y. 80 days), as RCPL has given additional credit period to acquire additional customers, RCPL needs to extend the credit period by approximately to three months to retain esteemed clients. Furthermore, as per management RCPL needs to hold a one-month inventory buffer to cater to the diverse demands of its customer base.



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- **Competitive nature of Industry**

India continues to import a significant number of components every year due to the fact that there is no duty on importing components, which makes component distribution more profitable than manufacturing in the country thus explaining the fact that there are more traders than manufacturers in India. The continuous development in electronic industry has triggered the development of electrical and electronic component industry as well. So, due to these large number of small and medium scale players, the company remains exposed to the competitive pressure which puts pressure on the profitability margins.

- **Susceptibility of operating margin to fluctuations input prices**

The operating margins of RCPL are modest and have ranged between 6-8% in the previous four fiscals ended March 31, 2024. The intense competition in the electricals industry and the trading nature of business restricts the operating margins. Further, margins are also susceptible to volatility in the prices of traded goods due to fluctuations in the metal prices such as aluminium, copper. The sustenance of operating margins remains a key monitorable over the medium term.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

RCPL's liquidity is expected to remain adequate given the expected cash accruals in the range of Rs.28.28 crore to Rs.60.90 crore in the period of FY25 to FY27 as against minimal repayment ranging from Rs. 0.67 crore to Rs. 1.09 crore in the same period. The free cash



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and cash equivalents balance stood at Rs.26.50 crore as on March 31, 2024, while average working capital utilisation for the 12 months ended November 2024 remained utilized at ~48% (funded). Current ratio stood at 2.18x as on March 31, 2024.

About the Company

Incorporated in 1998, Pune, Maharashtra-based Rahul Cables Private Limited (RCPL), promoted by Mr. Badalmal Kukreja and family. RCPL is an authorized stockiest/distributor for electrical components such as cables, wires, Philips lighting products and Raychem/3M cable joint etc.

During 2008 the company has diversified its business activities and undertakes engineering procurement and construction (EPC) contracts for electrification work, targeting Extra High Voltage (EHV) cables and Gas Insulated Substation (GIS) projects, the company has completed several projects in supplying and erection turnkey.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	458.76	581.60
EBITDA	33.95	43.87
PAT	22.98	22.54
Total Debt	56.56	95.60
Tangible Net Worth	107.82	130.13
EBITDA Margin (%)	7.40	7.54
PAT Margin (%)	5.00	3.87
Overall Gearing Ratio (x)	0.62	0.82
Interest Coverage (x)	4.17	4.96

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in in 2021-22
					October 13, 2023	March 17, 2023	-
1.	Cash Credit	Long Term	21.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
2.	Term Loan	Long Term	13.17	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
3.	Overdraft	Long Term	2.10	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
4.	Channel Finance	Long Term	14.15	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
5.	Drul	Long Term	8.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
6.	Bill Discounting	Long Term	15.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
7.	IMP Controlling Finance	Long Term	23.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
8.	Dealer Finance	Long Term	20.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
9.	Inventory Funding	Long Term	10.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
10.	Flexi Loan	Long Term	15.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
11.	Purchase Order Funding	Long Term	10.00	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	-
12.	Bank Guarantee	Short Term	120.50	IVR A3+	IVR A3	IVR A3	-
13.	Proposed Facilities	Long Term/ Short Term	0.58	IVR BBB/ Stable/ IVR A3+	IVR BBB-/ Stable/ IVR A3	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	21.00	IVR BBB/ Stable
Term Loan	-	-	-	Upto December 2025	13.17	IVR BBB/ Stable
Overdraft	-	-	-	-	2.10	IVR BBB/ Stable
Channel Finance	-	-	-	-	14.15	IVR BBB/ Stable
Drul	-	-	-	-	8.00	IVR BBB/ Stable
Bill Discounting	-	-	-	-	15.00	IVR BBB/ Stable
IMP Controlling Finance	-	-	-	-	23.00	IVR BBB/ Stable
Dealer Finance	-	-	-	-	20.00	IVR BBB/ Stable
Inventory Funding	-	-	-	-	10.00	IVR BBB/ Stable
Flexi Loan	-	-	-	-	15.00	IVR BBB/ Stable
Purchase Order Funding	-	-	-	-	10.00	IVR BBB/ Stable
Bank Guarantee	-	-	-	-	120.50	IVR A3+
Proposed Facilities	-	-	-	-	0.58	IVR BBB/ Stable/ IVR A3+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Rahul-Cables-01jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.