

Annexure II

Press Release

CARE assigns 'IPO Grade 1' to the proposed Initial Public Offering (IPO) of Shilpi Cables Technologies Limited (SCTL)

Grading

Instrument	Amount (Rs. crore)	Grading¹	Remarks
Initial Public Offering (IPO)	55.88	'IPO Grade 1'	Initial Grading
Total Facilities	55.88		

Grading Rationale

The grading is constrained by losses during the past years, liquidity crunch leading to delays in repayment of term loan installments and high working capital utilisation and relatively high gearing. The grading is further constrained by very short track record of the company in manufacturing of RF cables, volatility in raw material prices and increasing competition from the domestic and international players.

The grading, however, derives strength from the experience of the promoters in the business, substantial increase in revenue during FY10 and favourable growth potential of the telecom sector.

Company Profile

Shilpi Cable Technologies Limited (SCTL), incorporated in July 2006 was formerly known as M/s Rosenberger Shilpi Cable Technologies Ltd. which was a 50:50 joint venture between Shilpi Communications Pvt. Ltd. (SCPL) and M/s Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany. SCTL was set up to take up the project of manufacturing of Radio Frequency (RF) Cables with an installed capacity of 18,245 km of cables used in telecom towers. On account of differences between JV partners, the plant stopped production soon after it started in January 2008 and could again restart the production in September 2008 after the completion of buyout process among JV partners and SCTL acquiring stake from the JV partner.

¹ Complete definition of the grading assigned is available at www.careratings.com and in other CARE Publications



On a total operating income of Rs.171.91 crore in FY10, SCTL earned a PAT of Rs.9.70 crore.

As per provisional results for H1FY11, SCTL registered an operating income of Rs.108.34 crore with PAT of Rs.4.77 crore.

Analyst Contact

Name: Gaurav Dixit

Tel: = 67543483

Mobile = 9892962879

Email:Gaurav.dixit@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

