

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.

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