

Relcom Technology Private Limited

Instrument	Amount in Rs. Crore [^]	Rating Action
Long-term Fund Based Facilities – Cash credit	5.00 (enhanced from 4.00)	[ICRA]B; Reaffirmed
Long-term Fund Based Facilities – Term Loan	6.75	[ICRA]B; Reaffirmed
Short-term Non-Fund Based Facilities – Letter of Credit	1.00	[ICRA]A4; Reaffirmed
Unallocated	0.00 (reduced from 1.00)	

ICRA has reaffirmed its long term rating on the Rs. 11.75 crore¹ (enhanced from Rs.10.75 crore) fund based bank facilities of Relcom Technology Private Limited (RTPL) at [ICRA]B (pronounced ICRA B). ICRA has also reaffirmed its short term rating on the Rs. 1.0 crore non-fund based bank facilities of RTPL at [ICRA] A4 (pronounced ICRA A four).

The ratings reaffirmation takes into account the modest scale of operations owing to the limited track record of operations in the rexine business, high working capital intensity due to high inventory and receivable levels and vulnerability of the company's profitability to raw material price volatility as majority of input cost is towards PVC (linked to crude oil prices). The ratings continue to be constrained by the highly competitive and fragmented nature of the industry which limits the pricing flexibility of the industry participants including RTPL, adverse capital structure accompanied by moderate debt protection metrics. The ratings, however, draw comfort from the manufacturing facility's proximity to numerous footwear manufacturers, which provides ample sales opportunity for the company, and RTPL's wide customer base, which also includes some established players of the footwear industry viz. Action Shoes, Relaxo Footwear, Liberty India, etc. Additionally, the ratings also factor in the steady demand prospects for rexine usage from various manufacturing segments like footwear, furniture, automobiles, etc.

An increase in the company's scale of operations, whilst maintaining its profitability indicators and improvement in the capital structure will remain key rating sensitivities.

Company's Profile

Incorporated in the year 2008 by members of the Bihman family, RTPL is engaged in the business of PVC rexine manufacturing. The affairs of the company are being managed by Dr. Ran Singh Bihman and his son Mr. Amit Bihman. The company's manufacturing facility is located in Bahadurgarh (Haryana) wherein it commenced commercial operations in the month of October 2012. The facility has an installed annual capacity to manufacture upto 36 lakh sq.mts. of rexine.

Recent Results

In FY2015, RTPL recorded a net profit of Rs. 0.19 crore on an operating income of Rs. 27.05 crore, as against a net profit of Rs. 0.60 crore on an operating income of Rs. 35.41 crore in the previous year.

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[^] 100 lakh = 1 crore = 10 million

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² For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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