

August 4, 2010

**CARE ASSIGNS 'CARE A' AND 'PR1' RATINGS TO THE BANK FACILITIES OF RANE BRAKE LINING LTD.**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	21.29	'CARE A' (Single A)	Assigned
Long-term/Short-term Bank Facilities	50.04	'CARE A' (Single A) / 'PR1' (PR One)	Assigned
<b>Total Facilities</b>	<b>71.33</b>		

**Rating Rationale**

The ratings take into account Rane Brake Lining Limited (RBL)'s established operational track record of over four decades with leadership position in the Indian automotive friction material products, strong promoter background with RBL being part of the Rane group, diversified revenue mix supported by established product portfolio and stable financial profile characterised by low gearing level.

However, the ratings are constrained by intensely competitive nature of the industry and continuing pricing pressure from the Original Equipment Manufacturers (OEMs) resulting in low profitability parameters, exposure to volatility in raw material prices, and exposure to the cyclical nature and dynamics of the automobile sector.

Going forward, continuance of demand recovery in the automobile industry as well as the ability of RBL to sustain its market share and profitability in light of cyclical nature and competitive pressure in the industry would be the key rating sensitivities.

**Company Profile**

Rane Brake lining Ltd. (RBL) is part of the Chennai-based Rane Group involved in the manufacture of friction materials viz. brake linings, clutch facings and disc pads for automotive industries and Railway Brake Blocks. The company had total installed capacity of 18,988 MT/annum as on March 31, 2010. For the year ended March 31, 2010, RBL reported a PAT of Rs.10 cr on a total income of Rs.236 cr as against PAT of Rs.3 cr reported on a total income of Rs.191 cr during FY09.

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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