

Marco Cables & Conductors Limited

July 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE BB+; Stable	Upgraded from CARE BB; Stable
Long Term / Short Term Bank Facilities	17.00	CARE BB+; Stable / CARE A4+	Upgraded from CARE BB; Stable / CARE A4
Short Term Bank Facilities	11.00	CARE A4+	Upgraded from CARE A4

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings upgrade considers the better-than-envisaged financial performance of Marco Cables & Conductors Limited (MCCL) in FY25 (refers to the period April 1 to March 31) as reflected in better debt coverage metrics and reduction in the working capital cycle owing to increasing scale and sustained profitability. MCCL reported a healthy 55% YoY growth in its total operating income to ₹111.67 crore in FY25 led by ~13% rise in sales volumes and better realisations on favourable product mix. Its PBILDT margin sustained above 12% in FY25, despite some moderation, due to execution of contracts under the Revamped Distribution Sector Scheme (RDSS), translating into improvement in its PBILDT interest cover above 2x in FY25. Additionally, with shorter receivables cycle under RDSS, its working capital reduced to 199 days in FY25. CARE Ratings Limited (CareEdge Ratings) expects this performance to sustain over the medium term supported by the company's experienced promoters, long operational track record and strong industry tailwinds from RDSS. However, with the company bidding for tenders by state discoms in the current year, the impact on its working capital cycle remains a monitorable.

Ratings continue to favourably factor in MCCL's adequate revenue visibility as evidenced by a confirmed unexecuted order book of ~ ₹63 crore as on June 01, 2025 along with an order pipeline of more than Rs. 60 crore. The ratings also consider the experience of MCCL's promoters in the industry. The ratings, however, remain constrained by the company's exposure to fluctuations in input prices, its presence in a highly fragmented and competitive industry along with low net worth base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations while maintaining PBILDT margin above 12% translating into better liquidity buffer on a sustained basis
- Improvement in PBILDT interest cover above 3x on a sustained basis
- Reduction in operating cycle led by improvement in inventory and receivable days

Negative factors

- Decline in scale of operations below ₹ 80 crore and PBILDT margin below 8% on a sustained basis.
- Deterioration in overall gearing above 2.00x and interest coverage ratio below 1.5x.
- Any large debt-funded capex and/or increase in the operating cycle beyond 220 days leading to pressure on debt coverage metrics and liquidity

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that MCCL will continue to maintain its financial risk profile while benefitting from the experience of its promoters and adequate order book position.

Detailed description of key rating drivers:

Key weaknesses

Working capital intensive nature of operations

The company continues to exhibit high working capital intensity as exhibited in its elongated working capital cycle of 200-250 days over the last three years. However, there has been some improvement in the operating cycle, which reduced to 199 days in FY25 from 271 days in FY24 driven by a shift in the business model, with nearly 90% of operations linked to the RDSS being executed by private EPC contractors. Nevertheless, while its receivable cycle has reported some improvement, its inventory cycle

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

continues to remain long leading to blocking of sizeable capital. Going forward, MCCL's ability to improve its working capital cycle remains a key rating sensitivity.

Moderate debt coverage indicators and low net worth base

The company's capital structure remains moderate with overall gearing of 1.38 times and TOL/TNW of 1.56x as on March 31, 2025 (PY: 1.68x and 1.96x, respectively). Its capital structure remains constrained by a low net worth base of Rs. 32.18 crore owing to limited accretion to reserves over the years. MCCL's debt coverage indicators also remain moderate with Total debt to PBILDT at 3.18 times in FY25 and PBILDT interest coverage ratio at 2.20 times in FY25 (PY: 1.80 times).

Presence of the company in highly fragmented and competitive nature of industry

The wire and cable industry are highly fragmented, with the presence of numerous organized and unorganized players, leading to intense competition. This competitive intensity limits the pricing power of individual players and hampers their ability to scale operations rapidly, thereby exerting pressure on profitability. Additionally, margins remain susceptible to sharp and sudden fluctuations in commodity prices, particularly copper and aluminium, which are key raw materials. Given this landscape, MCCL operates in a challenging environment marked by limited pricing flexibility and stiff competition, especially from larger players who command a significant share of the market.

Key strengths

Improvement in scale of operations and healthy orderbook position

MCCL has recorded a healthy 55% YoY increase in its total operating income in FY25, which rose to Rs. 111.67 crore, compared to Rs. 72.08 crore in FY24. The growth was primarily attributed to higher sales of Aerial Bundled Cables, driven by shift in the business model, with approximately 90% of operations now linked to the RDSS. The company also maintains a healthy order book position of ~Rs. 63 crore from various EPC contractors and state discoms providing near term revenue visibility. Going forward, total operating income is expected to improve on account of entering the West Bengal market and re-engagement in the tendering business.

Long track record of the promoters in the industry

The management of the company is vested in the hands of Mr. Sugnomal Kukreja and Mr. Sumit Kukreja, directors having more than three decades of experience in the wires and cables industry helping them in getting repeat orders. They are further supported by second line of management who have experience in the industry and manage day-to-day operations of the company.

Liquidity: Stretched

MCCL's liquidity position remains stretched, despite adequate projected cash flows from operations to cover scheduled debt repayments of ₹2.77 crore in FY26 and ₹0.77 crore in FY27, along with minimal maintenance capex requirements. As on March 31, 2025, the company had free cash and liquid investments of ₹1.50 crore, while average working capital utilisation stood at around 87% for twelve months ended May 31, 2025. The current ratio stood at 1.86x as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Cables - Electricals

Incorporated in 1989 by Mr. Narain Kukreja and Mr. Sugnomal M. Kukreja, Marco Cables & Conductors Limited (MCCL) is engaged in manufacturing of wires and cables (With Aluminium / Copper Conductor), XLPE /PVC Cables, Aerial Bunched Cables, AAAC (All Aluminium Alloy Conductor) & ACSR (Aluminium Conductor Steel Reinforced) Conductors. The company manufactures Low Tension (LT) cables under the brand name of HMT since last 3 decades. MCCL is an ISO 9001:2008 and BIS certified company and its manufacturing facility is located in Sinnar near Nashik with the annual production capacity of 18000 Km p.a. MCCL mainly caters to power industry with a wide range of clients from public sector utilities, industrial customers, railways and others. The company's equity shares are listed on the NSE SME platform.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	72.08	111.67
PBILDT	10.74	13.91
PAT	3.04	5.20
Overall gearing (times)	1.68	1.38
Interest coverage (times)	1.80	2.20

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	20.00	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	17.00	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-ILC/FLC	-	-	-	-	11.00	CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	17.00	CARE BB+; Stable / CARE A4+	-	1)CARE BB; Stable / CARE A4 (28-Sep-24)	1)CARE BB; Stable / CARE A4 (21-Sep-23)	1)CARE BB; Stable / CARE A4 (19-Sep-22)
2	Fund-based - LT-Cash Credit	LT	20.00	CARE BB+; Stable	-	1)CARE BB; Stable (28-Sep-24)	1)CARE BB; Stable (21-Sep-23)	1)CARE BB; Stable (19-Sep-22)
3	Non-fund-based - ST-ILC/FLC	ST	11.00	CARE A4+	-	1)CARE A4 (28-Sep-24)	1)CARE A4 (21-Sep-23)	1)CARE A4 (19-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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