

OCTOBER 27, 2015

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF CORDS CABLE INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	46.72	CARE BBB- (Triple B Minus)	Revised from CARE BBB (Triple B)
Short-term Bank Facilities	20.25	CARE A3 (A Three)	Reaffirmed
Long-term/Short-term Bank Facilities	152.00	CARE BBB-/CARE A3 (Triple B Minus/ A Three)	Revised from CARE BBB/ CARE A3 (Triple B/ A Three)
Total Facilities	218.97 (Rupees Two hundred eighteen crore and ninety seven lakh only)		

Rating Rationale

The revision in ratings assigned to the bank facilities of Cords Cable Industries Limited (CCIL) takes into consideration weak operational performance of the company marked by lower capacity utilisation of its manufacturing plants coupled with stagnant scale of operations and stretched average collection period during FY15. Further, the ratings continue to be constrained by the company's moderate scale and working capital intensive nature of operations, exposure to volatility in raw material prices and its presence in the highly competitive cable industry with subdued short-term outlook.

The ratings, however, continue to derive strength from the experience of the promoter in the cable industry, CCIL's long track record of operations and its established position in the control and instrumentation cables market with diversified and reputed clientele. The ratings also factor in CCIL's moderate financial risk profile coupled with moderate capital structure.

Going forward, the ability of the company to achieve growth in sales, improve its profitability margins and effectively manage its working capital cycle shall be the key rating sensitivities.

Background

CCIL was incorporated in October 1991 as 'Cords Cable Industries Private Limited', which was later converted into a public limited company in May 2006. CCIL is engaged in the manufacturing of cables which find application across industries, viz, power, steel, cement, real-estate, railways, amongst others. The product range of the company includes instrumentation cables, control cables and low tension (LT) power cables with revenue contribution of 37%, 50% and 13%, respectively in FY15. The business is largely order driven and products are generally made as per customer's specifications. CCIL has two manufacturing facilities located in Bhiwadi, Rajasthan with total installed capacity of 31,925 km for Instrumentation Cable, 30,150 km for Control Cable and 2,925 km for LT power cable.

During FY15 (refers to the period April 01 to March 31), CCIL has reported total operating income of Rs. 265.93 crore and PAT of Rs. 2.70 crore as against total operating income of Rs. 265.94 crore and PAT of Rs. 2.03 crore during FY14. During Q1FY16 (refers to the period April 01 to June 30), CCIL has reported total operating income of Rs. 59.49 crore and PAT of Rs. 0.46 crore.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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****For detailed Rationale Report and subscription information, please contact us at www.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.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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