



Press Release

Shree Cables and Conductors Private Limited (SCCPL)

November 27, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	70.90 (Enhanced from Rs. 60.01 crore)	IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook)	IVR BBB-/ Stable (IVR Triple B minus With Stable Outlook)	Reaffirmed	Simple
Short term Bank Facilities	25.00 (Enhanced from Rs. 20.00 Crore)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	95.90 (Ninety-Five Crore and Ninety Lakh only.)				

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the Bank facilities of Shree Cables and Conductors Private Limited. The ratings continue to derive strength from its experienced management, favourable demand outlook for wires and conductors and comfortable capital structure. However, the rating strengths are partially offset by working-capital intensive operations, Profitability remains susceptible to volatility in raw material prices and highly competitive nature of the industry.

Outlook is given stable as due to experience of promoters and long-standing relationship with customers.



Press Release

Key Rating Sensitivities:

Upward Factors:

- Substantial improvement in revenue and/or profitability margins leading to sustained improvement in debt coverage indicators

Downward Factors:

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt coverage indicators

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management:**

SCCPL was promoted by Mr. D J Parekh. Mr. Kalpesh D. Parekh, is the director of the Company. He has been associated with the conductors and wire-manufacturing business for more than two decades. The Company has therefore established relationships with reputed customers such as BHEL, Transformer and Electrical Kerala Ltd, etc.

- **Favourable demand outlook for wires and conductors:**

The Company manufactures conductors which are primarily used in the electricity distribution/ transmission sector. With a favourable outlook for the power transmission and distribution sector over the near to medium term, the Company has orders from its customers.



Press Release

- **Moderate capital structure**

Capital structure comprised of mainly working capital limits and significant amount of unsecured loans infused by promoters and related parties. Capital structure of the company remained moderate marked by overall gearing ratio at 1.85x as on March 31, 2024. The interest coverage ratio remained comfortable at 1.16x as on March 31, 2024.

Key Rating Weaknesses

- **Working-capital intensive operations:**

Operations of the company are working capital intensive as reflected in its operating cycle of 126 days as on March 31st, 2024. SCCPL's manufacturing cycle is long due to nature of the business. The inventory period remains long impacting the operating cycle.

- **Profitability remains susceptible to volatility in raw material prices:**

The profitability and cash flows of the Company are susceptible to substantial fluctuations in metal prices. However, as a significant portion of raw-material procurement is backed by orders, the risk is mitigated to an extent.

- **Highly competitive nature of the industry:**

SCCPL faces competition from a large number of players in the sector which limits its pricing flexibility and bargaining power with customers, thereby putting pressure on its margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)



Press Release

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company is expected to remain Adequate in the near to medium term in view of just about sufficient cash accruals vis-à-vis debt repayment obligations. The operations are moderately working capital intensive which has led to high reliance on working capital limits. The fund based weighted average working capital utilisation was at ~ 77% during the last twelve months ended October 2024. The company has a current ratio of 1.47x as of March 31, 2024. It has moderate free cash and cash equivalents amounting to Rs.0.05 crore as on March 31, 2024. All these factors reflect adequate liquidity position of the company.

About the Company:

Shree Cable & Conductors Pvt Ltd (SCCPL) was incorporated in 1986 by Shree D.J. Parekh at Bhopal (M.P.) Mr. Kalpesh D. Parekh, is the director of the Company. The company has installed State of art production facility with the Continuous Transposed Conductors machine with capacity of manufacturing 96 conductors & 48 conductors. It offers a wide range of conductors, strand insulation, insulation materials and assembled CTC in Bhopal.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	183.44	213.30
EBITDA	12.20	14.83
PAT	0.87	1.14
Total Debt	55.17	72.41
Tangible Net Worth	27.81	28.57
EBITDA Margin (%)	6.65	6.95
PAT Margin (%)	0.47	0.53
Overall Gearing Ratio (x)	1.44	1.85
Interest Coverage (x)	1.17	1.16

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Brickwork Ratings has migrated the ratings of Shree Cables and Conductors Private Limited in the 'Issuer not cooperating' category vide



Press Release

its press release dated July 03, 2024, due to non-availability of information and lack of cooperation

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year T)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (November 27, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
					Rating	Rating	Rating
1	Term Loan	Long Term	5.46	IVR BBB- / Stable	IVR BBB- / Stable		
2	Loan Against Property	Long Term	5.44	IVR BBB- / Stable	IVR BBB- / Stable		
3	Cash Credit	Long Term	60.00	IVR BBB- / Stable	IVR BBB- / Stable		
4	Letter of Credit	Short Term	7.00	IVR A3	IVR A3		
5	Bank Guarantee	Short Term	11.00	IVR A3	IVR A3		
6	Purchase Order Funding	Short Term	7.00	IVR A3	IVR A3		



Press Release

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Press Release

Annexure 1: Facility Details :

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
GECL 1	-	-	-	January 2026	2.85	IVR BBB-/ Stable
GECL 2	-	-	-	January 2027	2.61	IVR BBB-/ Stable
Loan Against Property	-	-	-	July 2029	5.44	IVR BBB-/ Stable
Cash Credit	-	-	-	Revolving	60.00	IVR BBB-/ Stable
Letter of Credit	-	-	-	-	7.00	IVR A3
Bank Guarantee	-	-	-	-	11.00	IVR A3
Purchase Order Funding	-	-	-	-	7.00	IVR A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-ShreeCables-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security	Detailed Explanation
Financial Covenant	
i.	
ii.	
Non-financial Covenant	
i.	
ii.	

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.