

July 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA B-/Stable (Assigned)
Term Loan	0.85	SMERA B-/Stable (Assigned)
Letter of Credit	3.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Chetan Cabletronics Private Limited (CCPL). The outlook is '**Stable**'. The ratings are constrained due to the significant decline in revenue, weak financial risk profile and inefficient working capital management. However, the ratings draw comfort from the promoter's extensive industry experience.

CCPL, incorporated in 2002, is a Bhiwadi-based company headed by the promoters, Mr. Rakesh Goyal and Mr. Naveen Gupta. The company manufactures wires, cords and cables. CCPL's revenue declined significantly to Rs.19.26 crore in FY2013-14 from Rs.63.35 crore in FY2012-13. The company's financial profile has remained weak marked by high debt equity ratio of 10.20 times for FY2013-14. Also, CCPL has inefficient working capital management. The working capital cycle stood at 285 days for FY2013-14 (refers to financial year, April 01 to March 31). However, the promoter has around two decades of experience in the company's line of business.

Outlook: Stable

SMERA believes the outlook on CCPL will remain 'Stable' over the medium term on account of experience of the management. The outlook may be revised to 'Positive' in case of further improvement in the company's scale of operations, while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in CCPL's financial profile.

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About the Company

CCPL, incorporated in 2002 was promoted by Mr. Rakesh Goyal and Mr. Naveen Gupta. The company manufactures around 6,000 varieties of cables, wires and cords at its unit at Bhiwadi, Rajasthan.

The company registered losses of Rs.4.67 crore on revenue of Rs.19.26 crore for FY2013-14, as compared with PAT of Rs.0.96 crore on revenue of Rs.63.35 crore in FY2012-13. The company's net worth stood at Rs.1.84 crore as on March 31, 2014, as compared with Rs.0.651 crore a year earlier.

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