

July 13, 2017

Shilpi Cable Technologies Limited

Summary of rated instruments

Instrument [^]	Rated amount (in crore)	Rating action*
Non-convertible debenture (NCD) programme	27.00	[ICRA]C; re-affirmed

* Issuer did not cooperate; based on best available information

[^] Instrument Details are provided in Annexure-1

Rating action

ICRA has re-affirmed the long-term rating of [ICRA]C (pronounced as ICRA C) assigned to the Rs. 27.00 crore¹ NCD programme of Shilpi Cable Technologies Limited ('SCTL')².

Rationale

The rating reflects the publicly available information, which indicates delays in debt servicing by the company on a bank line, which is not rated by ICRA. As part of its process and in accordance with its rating agreement with SCTL, ICRA has been trying to seek information from the company so as to undertake a detailed review of the rating, but despite repeated requests by ICRA, the company's management has remained non-cooperative. Also, the company has not provided the mandatory undertaking regarding timeliness of its debt servicing. Consequently, ICRA does not have any information regarding servicing of dues for the ICRA rated NCD. In the absence of requisite information, ICRA's Rating Committee has taken a rating view based on best available information. In line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, the company's rating is now denoted as: "[ICRA]C ISSUER NOT COOPERATING". The lenders, investors and other market participants may exercise appropriate caution while using this rating, given that it is based on limited or no updated information on the company's performance.

Key rating drivers

- Non-availability of information regarding servicing of interest on the rated NCD programme
- Liquidity issues faced by the company as reflected by the ongoing irregularities in debt servicing

Description of key rating drivers:

The rating reflects the non-availability of information regarding timely interest servicing by the company on the rated NCD programme. The interest payment, half yearly in nature, was last due on June 12, 2017. The rating also reflects liquidity issues faced by the company and the ongoing irregularities in debt servicing, including instances of devolvement in letter of credit facilities, to the consortium bankers.

Analytical approach: For arriving at the ratings, ICRA has applied the following rating methodologies.

Links to applicable criteria

[Corporate Credit Rating – A Note on Methodology](#)

¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

About the company:

SCTL was established in July 2006 as Rosenberger Shilpi Cable Technologies Limited, a 50:50 joint venture (JV) between Shilpi Communications Private Limited and Rosenberger Hochfrequenztechnik GmbH & Co. KG, Germany. The JV was formed to manufacture and sell radio frequency (RF) feeder cables in the domestic market. The JV set up a manufacturing facility at Chopanki, Rajasthan. The facility commenced commercial production in early 2008, and during the same year the stake of the German partner was bought by the Indian promoters. Though initially SCTL was only into RF feeder cables manufacturing, it has, over the years, added products such as wiring harnesses and battery cables for automobiles, wiring harness sets and power cords for white goods, and copper conductors (magnet copper wires and bunched copper wires) to expand and diversify its offerings. The company thus caters to automotive, telecom, and consumer durables segments, among others. In addition, it sells house wires, circuit breakers (MCCB and RCCB), and switches through distributors under the 'SAFE' brand name.

SCTL, headquartered in Delhi, has five manufacturing units in Bhiwadi, Chopanki, Bahadurgarh (owned by an associate – AGH Wires), Hosur, and Pune (Bhiwadi and Chopanki plants are owned by the company, while the remaining have been taken on lease), and has 13 sales offices across India. SCTL also has subsidiaries and joint ventures in Singapore and UAE, which trade in copper cables and other products. The company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) since 2011.

SCTL, on a consolidated basis, recorded a profit after tax (PAT) of Rs. 165.64 crore on an operating income of Rs. 3,895.53 crore for the year ending March 31, 2016 as against a PAT of Rs. 159.99 crore on an operating income of Rs. 3,212.93 crore for the year ending March 31, 2015. For the nine months ending December 31, 2016, SCTL reported 19% y-o-y growth in consolidated operating income to Rs. 3,342.17 crore and a PAT of Rs. 160.13 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years:
Table:

S. No	Name of instrument	Current rating (FY2018)			Chronology of rating history for the past 3 years			
		Type	Rated amount (Rs. crore)	Month-year & Rating	Month- year & Rating in FY2018		Month- year & Rating in FY2017	Month- year & Rating in FY2016
				July 2017	May 2017	May 2017	March 2017	-
1	NCD	Long-term	27.00 #	[ICRA]C *	[ICRA]C *	[ICRA]BB (Negative) *	[ICRA]BBB+ (Stable)	-

* Issuer did not cooperate; based on best available information

SCTL has raised Rs. 10.80 crore against the rated limits of Rs. 27.00 crore; current outstanding amount is Rs. 10.80 crore

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity date	Size of the issue (Rs. crore)	Current rating and outlook
NCD	March 10, 2017	13.05%	June 12, 2020	10.80 *	[ICRA]C

Source: NSDL

* SCTL has raised only Rs. 10.80 crore against the rated NCD programme of Rs. 27.00 crore



Name and Contact Details of the Rating Analyst(s):

Subrata Ray
+91 22 6114 3408
subrata@icraindia.com

Shreekiran Rao
+91 22 6114 3469
shreekiran.rao@icraindia.com

Name and Contact Details of Relationship Contacts:

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

About ICRA Limited:

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500