



Yamuna Cable Accessories Private Limited

Instrument	Amount	Rating action
	In Crore	As on April 2014
Working Capital Limits	8.00	[ICRA]BBB- (stable) <i>reaffirmed</i>
Term Loans	1.37	[ICRA]BBB- (stable) <i>reaffirmed</i>
Non Fund Based Limits	1.25	[ICRA]A3 <i>reaffirmed</i>

ICRA has reaffirmed the long-term rating of [ICRA]BBB- (pronounced as ICRA triple B minus) to Rs. 9.37 crore* bank limits of Yamuna Cable Accessories Private Limited (YCAPL)†. The outlook on the long term rating is 'stable'. ICRA has also reaffirmed the short term rating of [ICRA]A3 (pronounced ICRA A three) for the Rs.1.25 crore bank lines.

ICRA has taken a consolidated view of the financial and operating position of YCAPL along with its group company – Yamuna Power and Infrastructure Limited (YPIL) (together referred to as Yamuna Group), given the common management and strong operational linkages between the companies.

The rating action continues to take into account Yamuna Group's established operational track record in the business of manufacturing power transmission equipments; long experience of the promoters in the business; diversified revenue stream given the presence in the manufacturing of power transmission equipments as well as execution of EPC contracts; and the group's long standing relations with its customers. The rating also takes into consideration healthy revenue growth registered by the group on the back of steady demand for its products in the export market; its healthy order book position which provides revenue visibility in the near term; and its moderate gearing levels (consolidated gearing of 0.7 times as on 31st March 2013). ICRA also takes note of the capital expenditure taken by the group in last one year towards expanding operations in Ras al-Khaimah and China which are expected to drive the growth of revenues going forward.

However the ratings are constrained by material decline in operating profitability of the group in FY2013 owing to pricing pressures due to high competitive intensity and some debtor write-offs. The ratings also take into consideration the prevailing challenging demand scenario for power equipments in the domestic market which has manifested in lower pricing power, and elongated payment period of receivables. While the group has made progress in recovery of receivables, these continue to remain high for the group. This, coupled with the high raw material inventory levels required to be maintained, has led to high working capital funding requirement for the group. The ratings also continue to remain constrained by the vulnerability of the group's profitability to raw material price volatility and the exposure to adverse movements in foreign exchange rates given the forex exposure and absence of a firm hedging mechanism.

Going forward, better working capital management through timely realization of debtors; ability to execute the outstanding orders in a timely manner; as well as an increase in the group's scale of operations will remain the key rating sensitivities.

Company Profile

YCAPL was set up in the year 1996 by Mr. Shyam Sunder Sadana, and it is into the business of manufacturing cable jointing kits (some of the export orders and sales are routed through group company YPIL) and cable accessories. YCAPL manufactures heat shrinkable (HS) cable jointing accessories and cold shrinkable (CS) cable jointing accessories under the brand name 'DENSONS'. The company has its plant located in Yamuna Nagar, Haryana.

* 100 lakh = 1 crore = 10 million

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



Recent Results

For FY2013, YCAPL has achieved an operating income of Rs. 51.62 crore and a net profit of Rs. 1.99 crore as against an operating income of Rs. 37.32 crore and a net profit of Rs. 1.48 crore in FY2012.

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