

The Indian Card Clothing Company Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action
Long term/Short term fund based bank facilities	7.00 (revised from Rs. 12.15 crore)	[ICRA]A(Stable)/[ICRA]A1 reaffirmed
Term Loan	1.70 (revised from Rs. 3.68 crore)	[ICRA]A(Stable) reaffirmed
Unallocated bank facilities	17.30 (revised from Rs. 10.17 crore)	[ICRA]A(Stable) reaffirmed
Total	26.00	

ICRA has reaffirmed the long-term rating of [ICRA]A (pronounced ICRA A) and short-term rating of [ICRA]A1 (pronounced ICRA A one) to the Rs. 7.00 crore¹ (revised from Rs. 12.15 crore) fund based facilities of The Indian Card Clothing Company Limited (ICC)². ICRA has also reaffirmed the long-term rating of [ICRA]A to the Rs. 1.70 crore (revised from Rs. 3.68 crore) term loan facility and Rs. 17.30 crore (revised from Rs. 10.17 crore) unallocated bank facilities of ICC. The outlook on the long term rating is 'Stable'.

Rating Rationale

The rating reaffirmation continues to favourably factor in the long standing of ICC in the card clothing business, its established and diversified customer profile and strong competitive position with market leadership in a few products in the card clothing segment. The rating continues to derive comfort from the healthy leverage indicators and comfortable liquidity position of the company underpinned by a strong liquid investment portfolio and access to stable monthly un-securitized rental income.

The ratings however continues to remain constrained by exposure to sectoral concentration risks (with textile industry accounting for over 80% of company's revenues) as well as susceptibility of the profit levels to foreign exchange fluctuation risks owing to un-hedged export receivables. ICRA has also taken note of continued subdued performance of the card clothing business since FY 2014, as reflected by stagnancy in top line and continued losses from this segment. Nonetheless, with the stabilisation of the operations at the Nalagarh unit of the company, as well as ICC's conscious strategic decision to focus on high production cards and diversify geographically in certain identified textile-centric export countries, the revenue and profitability metrics of the card clothing segment is expected to improve going forward. However, lower than anticipated improvement in the profitability of the card clothing segment and delay in revival of business growth will be a key rating sensitivity.

Company Profile

Incorporated on June 24, 1955 as a private limited company, The Indian Card Clothing Company Limited (ICC) was converted into a public limited company on March 27, 1975. ICC has been associated with textile spinning industry for the past 55 years and is engaged in supplying card clothing and card room accessories. At present, Mauritius based, Multi Act Industrial Enterprises Limited (MAIL), promoted by Trivedi family and a few other shareholders, is the holding company of ICC with a stake of 57.35% in the equity share capital. ICC operates through two business verticals: card clothing business and realty; while card clothing is the core operating business, ICC generates regular income from realty as well as treasury operations. ICC has three subsidiaries, namely Garnett Wire Limited (60% shareholding), ICC International Agencies Limited (wholly owned subsidiary) and Shivraj Sugar & Allied Products Pvt. Ltd. (94% shareholding). The company has the card manufacturing facility at two locations, Pimpri (Pune, Maharashtra) and Nalagarh (Himachal Pradesh).

Recent Results

During FY 2016 (on standalone basis), ICC reported an operating income of Rs. 65.83 crore and profit after tax of Rs. 13.60 crore as against an operating income of Rs. 67.84 crore and loss of Rs. 3.83 crore during FY 2015.

July 2016

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.



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