

Delton Cables Limited

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CIN : L31300DL1964PLC004255

AN ISO 9001-2008 COMPANY

To,
The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

Date: April 02, 2022

BSE Scrip Code : 504240

Sub: Disclosure under Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,


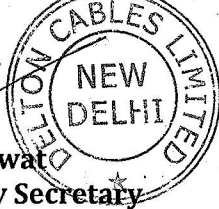
In compliance with Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the credit rating letter received from the Brickwork Ratings India Pvt. Ltd wherein the credit rating agency reaffirmed our previous ratings.

Kindly take the same on your record in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

Yours faithfully

For Delton Cables Limited



Vikas Rawat
Company Secretary

Encl.; As above

RATING RATIONALE

15Mar2022

**Delton Cables Ltd**

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 89.20 Crs. of Delton Cables Ltd

Particulars

Facilities**	Amount (Rs.Crs.)		Tenure	Rating#	
	Previous	Present		Previous (15 Dec 2020)	Present
Fund Based	35.00	39.20	Long Term	BWR BB+/Stable Upgrade	BWR BB + /Stable Reaffirmation
Non Fund Based	50.00	50.00	Short Term	BWR A4+ Upgrade	BWR A4 + Reaffirmation
Grand Total	85.00	89.20	(Rupees Eighty Nine Crores and Twenty lakhs Only)		

#Please refer to BWR website www.brickworkratings.com (<https://www.brickworkratings.com>) for definition of the ratings

**Details of Bank Loan facilities,consolidation or instruments are provided in Annexure

RATING ACTION / OUTLOOK

Brickwork ratings has reaffirmed the long-term rating of Delton Cables Limited (DCL, or 'the company') to BWR BB+, with a 'Stable' outlook and short-term rating to BWR A4+.

The ratings derive strength from the experienced management team, established position of the company in the industry and satisfactory overall gearing. The ratings are constrained by the working capital intensive nature of operations and declining profitability margins with its susceptibility to any adverse movements in the raw material prices. The ratings are further constrained by the competitive nature of the industry.

Outlook: Stable

BWR believes that the business and financial risk profile of DCL will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The outlook may be revised to 'Positive' in case revenue and profitability show a sustained improvement leading to an improved financial and liquidity profile. The rating outlook may be revised to 'Negative' in case the profitability generated is much lower than anticipated, there are aggressive debt-funded capex plans, or there is a significant deterioration in the overall liquidity profile of the company.

KEY RATING DRIVERS

Credit Strengths:

- **Experienced promoters with established track record :**

DCL is headed by Mr. V.K. Gupta, who is the Chairman of the company and has an experience of over 42 years in the cable manufacturing industry. Mr. Vivek Gupta, his son, oversees the day-to-day affairs of the company. He has a key role in assessing the market and is actively involved in developing the marketing network for the company's products. Ms. Shriya Gupta, Mr. Gupta's daughter, looks after the business development aspects of the company.

- **Comfortable overall gearing :**

The overall Gearing ratio (Total debt/ tangible net worth) continues to remain adequate at 1.09x as on March 31, 2021 driven by adequate tangible net worth position. The ratio however deteriorated from 0.86x, as on March 31, 2021, on account of increased debt outstanding at the end of the year.

Credit Risks:

- **Declining profitability margins with susceptibility to raw material price fluctuations :**

DCL's profitability margins are susceptible to any adverse fluctuations in the prices of its raw materials (viz. copper, steel, etc.), especially in contracts which are fixed price in nature. In FY21, the PBILD and PAT margins of the company deteriorated to 7.80% and 0.51%, respectively, compared to 9.61% and 4.68% achieved in FY20, respectively. The deterioration was on account of increase in the raw material prices, which could not be passed on to the end customers. This also led to deterioration in the profitability margins in 9MFY22 (Prov.). In 9MFY22 (Prov.) the company has reported PBILD and PAT margins of 5.02% and (-) 1.94%, respectively, compared to 9.06% and (-) 0.13% in 9MFY21 (Prov.).

- **Elongated operating cycle :**

The operating cycle of the company remained elongated at 218 days, as on March 31, 2021 (which deteriorated further from 167 days, as on March 31, 2020), majorly on account of high average inventory holding days which stood at 216 days, as on March 31 2021 (PY: 161 days). This was mainly because majority of the orders executed by the company are from the government entities which involve long execution process including raw material inspection, preservation & packing, final inspection, dispatch to site etc. The average collection period stood at almost the same level at 88 days, as on March 31, 2021 (PY: 86 days), while the creditor days elongated slightly to 86 days (PY: 79 days).

- **Competitive nature of the industry :**

DCL faces intense competition from other cable manufacturing players in the market. DCL is also exposed to the cyclicity in its end-user industry, as the demand-supply mechanism in the industry would directly affect the Company's revenue growth and profitability.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has applied its rating methodology as debited in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: The rating may be upgraded upon sustained and significant improvement in operating income, profitability margins leading to deleveraging and improved debt coverage indicators.

Negative: The rating may be revised downward in case revenues and EBITDA of the company substantially deteriorates from current level. Rating may also be adversely affected in case of significant deterioration in gearing and coverage ratios. Any delay in receipt of land compensation from the Haryana government or any delay in timely need based financial support from the promoters may have a negative impact on the liquidity profile of the company.

LIQUIDITY INDICATORS - Adequate

The net cash accruals of the company stood at Rs. 2.27 Cr against negligible fixed term debt obligation in FY21. The company has a long-term debt obligation of Rs. 0.65 Crs in FY 22 and Rs. 2.18 Crs to be paid in FY 23. The average utilization of the fund-based working capital limit stood at ~93% in the last six months period ended Feb-2022. Cash and cash equivalents remained at Rs 0.38 Crs as on December 31, 2021. To fund various business requirements, the directors of the company had infused funds amounting to Rs. 2.50 Crs in 9MFY22, in the form of unsecured loans. The company is expected to receive an amount of approximately Rs.18 Crs by June-2022, in the form of enhanced compensation for the non core asset sold in the past. The same is expected to further lend support to the liquidity profile of the company going forward. Further, the company has not planned for any major debt-funded capex in the near to medium term.

ABOUT THE ENTITY

Delton Cables Limited (DCL), incorporated in 1964 by Lt. Sh. R.K. Gupta as a private limited company and later, was converted into a public limited in 1981. Presently Sh. V.K. Gupta (s/o Lt. Sh. R.K. Gupta) is the promoter, and the company is listed on Bombay Stock Exchange. It is engaged in the manufacturing of wires and cables, power cables, radio high frequency cables & PVC compound. It is also into the manufacturing of switch gears. It sells products under its own brand name - 'DELTON'.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Units	FY 20-21 (Audited)	FY 19-20 (Audited)
Operating Revenue	Rs.Crs.	123.16	125.74

EBITDA	Rs.Crs.	9.61	12.09
PAT	Rs.Crs.	0.62	5.89
Tangible Net Worth	Rs.Crs.	55.07	54.49
Total Debt/Tangible Net Worth	Times	1.09	0.86
Current Ratio	Times	1.37	1.29

RATING HISTORY FOR THE PREVIOUS THREE YEARS (including withdrawal and suspended)

Facilities	Current Rating (2022)			2022 (History)		2021		2020		2019	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	39.20	BWR BB+/Stable (Reaffirmation)	NA	NA	NA	NA	15Dec2020	BWR BB+Stable (Upgrade)	05Apr2019	BWR BBPositive (Upgrade)
		0.00	NA	NA	NA	NA	NA	NA	NA	20Nov2019	BWR BBPositive (Reaffirmation)
Non Fund Based	ST	50.00	BWR A4+ (Reaffirmation)	NA	NA	NA	NA	15Dec2020	BWR A4+ (Upgrade)	05Apr2019	BWR A4 (Reaffirmation)
		0.00	NA	NA	NA	NA	NA	NA	NA	20Nov2019	BWR A4 (Reaffirmation)
Grand Total		89.20	(Rupees Eighty Nine Crores and Twenty lakhs Only)								

COMPLEXITY LEVELS OF THE INSTRUMENTS - Simple

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) (<https://www.brickworkratings.com/download/ComplexityLevels.pdf>). Investors queries can be sent to [info@brickworkratings.com \(mailto:info@brickworkratings.com\)](mailto:info@brickworkratings.com).

Hyperlink/Reference to applicable Criteria

- [General Criteria \(https://www.brickworkratings.com/download/Criteria-GeneralCriteria.pdf\)](https://www.brickworkratings.com/download/Criteria-GeneralCriteria.pdf)
- [Approach to Financial Ratios \(https://www.brickworkratings.com/download/Criteria-FinancialRatios.pdf\)](https://www.brickworkratings.com/download/Criteria-FinancialRatios.pdf)
- [Manufacturing Companies \(https://www.brickworkratings.com/download/Criteria_ManufacturingCompanies.pdf\)](https://www.brickworkratings.com/download/Criteria_ManufacturingCompanies.pdf)
- [Short Term Debt \(https://www.brickworkratings.com/download/Criteria-ShortTermDebt.pdf\)](https://www.brickworkratings.com/download/Criteria-ShortTermDebt.pdf)

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Delton Cables Ltd

ANNEXURE-I

Details of Bank Facilities rated by BWR

SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
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SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
1	Canara Bank	Open Cash Credit / Cash Credit (Hypothecation/Pledge)- Sanctioned	7.68	-	7.68
2	Canara Bank	Working Capital Demand Loan-Sanctioned	11.52	-	11.52
3	Canara Bank	Covid -19 Emergency Line Credit-Sanctioned	0.43	-	0.43
4	Canara Bank	GECL-Sanctioned	1.00	-	1.00
5	Canara Bank	GECL-Sanctioned	3.90	-	3.90
6	Canara Bank	Bank Guarantee-Sanctioned	-	12.00	12.00
7	Canara Bank	ILC/FLC-Sanctioned	-	18.00	18.00
8	Federal Bank	Bank Guarantee-Proposed	-	1.00	1.00
9	Federal Bank	ILC/FLC-Proposed	-	6.00	6.00
10	Federal Bank	Open Cash Credit / Cash Credit (Hypothecation/Pledge)- Sanctioned	6.40	-	6.40

SL.No.	Name of the Bank/Lender	Type Of Facilities	Long Term(Rs.Crs.)	Short Term(Rs.Crs.)	Total(Rs.Crs.)
11	Federal Bank	Bank Guarantee-Sanctioned	-	3.00	3.00
12	Punjab National Bank	Open Cash Credit / Cash Credit (Hypothecation/Pledge)-Sanctioned	6.40	-	6.40
13	Punjab National Bank	GECL-Sanctioned	0.18	-	0.18
14	Punjab National Bank	GECL-Sanctioned	0.39	-	0.39
15	Punjab National Bank	GECL-Sanctioned	1.30	-	1.30
16	Punjab National Bank	ILC/FLC-Sanctioned	-	6.00	6.00
17	Punjab National Bank	Bank Guarantee-Sanctioned	-	4.00	4.00
Total			39.20	50.00	89.20
TOTAL (Rupees Eighty Nine Crores and Twenty lakhs Only)					

Print and Digital Media

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