

Rating Rationale

Brickwork Ratings assigns ratings for the Bank Loan Facilities aggregating ₹ 7 Cr of Champion Elcom Pvt. Ltd

Brickwork Ratings has assigned following **Ratings¹** for the Bank Loan Facilities of Champion Elcom Private Limited. (CEPL or the “Company”):-

Facility	Rating Amount	Tenure	Ratings Assigned
Fund Based			
Cash Credit	(2.00)	Long term	BWR B Pronounced BWR Single B Outlook: Stable
Non Fund Based			
FLC/ILC	7.00	Short Term	BWR A4 Pronounced BWR A Four
Total	7.00		7.00

BWR has essentially relied upon audited financial results of Champion Elcom Private Limited upto FY15 and projected financials for FY16 and FY17, publicly available information and information provided by the management.

The rating has, inter alia, factored in the moderate growth in net sales in FY15, moderate leverage, a good client base, moderate net worth and financial flexibility. The rating is, however, constrained by small scale of operations, and operating losses for last three years.

Background:

Champion Elcom Pvt. Ltd. was incorporated in April 2003. The company is based at Delhi and is engaged in the manufacture of superior quality cables and wires. In addition, the company also trades in Sheet Metal Components, Plastic Components, Rubber Parts, Hot Metal Adhesives and Adhesive Tapes.

Recently company has started trading in copper which contributes to 90% of the net sales. The company imports copper from Russia and supplies the same to cable manufacturers in Delhi/NCR Region.

Financial Performance:

As per the audited financials for FY15, CEPL’s gross revenue from operations stood at Rs. 36.36 Crs. against Rs.3.00 Crs. in FY14. There has been a sharp increase in net sales as the company entered into trading of copper which forms the major part of sales. Profit after Tax for the company stood at Rs. 0.12 Crores on account of non-operating income of Rs. 0.61 Crs. in FY15.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The company had operating losses at Rs. (0.26) Crs in FY15. Tangible Net worth for the company stood at Rs. 14.68 Crores in FY15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward scaling up of business, meeting projections and ensure timely servicing of debt would be the key rating sensitivities.

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