

# *“Wired for Growth”*



**Investor Update**

**Cords Cable Industries Ltd**

**April 2009 – June 2009**

**CORDS**

August 1, 2009

 **Emerging India**  
Value Advisors Pvt Ltd

In order to face the challenges posed by the on-going global economic slow-down, Cords Cable Industries Ltd is gradually revamping its whole business model so as to make it long term, sustainable/ risk-free. This would ensure that the interests of all its stakeholders are adequately protected.

To achieve this objective, the Company is adding new clients domestically & internationally, developing new export markets- which yield better margins, entering new business segments and new sectors and increasing focus on R & D.

# Performance Review Q1'2010 Vs. Q1'2009



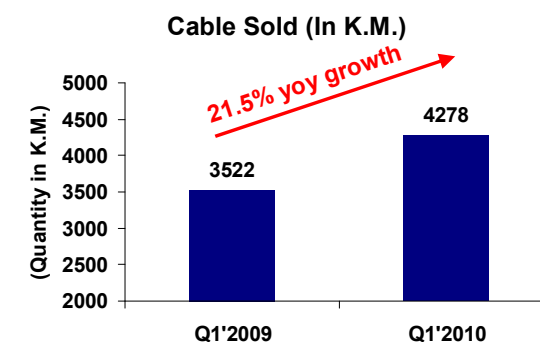
## Revenue in Q1'2010 was Rs 356.9mn compared to Rs 359.4mn in Q1'2009

- With fall in the price of major raw material i.e. Copper, Revenues during Q1'2010 fell marginally 0.7% compared to last quarter. However, in quantity terms, there is a growth of 21.5% as it sold 4278 K.M. cable during current quarter compared to 3522 K.M. in Q1'2009
- The company aggressively focused on exports and consequently Export revenues grew by 49.4% to Rs 31.1mn during Q1'2010 compared to Rs 20.8mn in Q1'2009



## EBIDTA was at Rs 34.7mn during Q1'10 compared to Rs 53.2mn in Q1'09 largely due to –

- Raw material consumption went up to 77% of sales during Q1'2010 compared to 74% in Q1'2009. Increase in raw material cost resulted in lower operating profit margins. However, the prices are likely to stabilize in the coming quarters which will reduce the cost of RMC
- The company has already setup a division to minimise the impact of fluctuations in Copper prices & as a result **RMC came down to 77% of sales in Q1'10 compared to 80% in Q4'09**
- Staff cost increased by over 30% during the quarter compared to last quarter. As a percentage of sales, Staff cost was at 5.3% during Q1'2010 compared to 3.8% in Q1'2009. The company has already launched a major cost reduction exercise ensuring optimal utilisation of resources.



## PAT was at Rs 6.8mn during Q1'10 compared to Rs 24.4mn in Q1'09 because-

- Depreciation cost increased to Rs 9mn during Q1'10 compared to Rs 5mn in Q1'09 because of the Capex done by the company. The full impact of corresponding increase in revenues would be available in the coming quarters.
- Finance charges increased to Rs 18.4mn during the quarter compared to Rs 12.1mn during the same period last year. With better economies of scale post expansion, the finance cost per unit of sales will substantially go down
- Finance and Depreciation charges constituted 7.7% of sales during Q1'10 compared to 4.7% of sales during Q1'09

# New Clients added during Q1'2010

- ✓ Added **2 new International clients** during the quarter to its exist



International Cable Management, U.K.



Yokogawa Electric Corporation – Middle East

- ✓ Added **6 new Domestic clients** to its existing client base during Q1'2010



Aquatech Systech  
(Asia) Pvt. Ltd - Pune



Nalwa Steel &  
Power Ltd. - Raigarh



Pyrotech Electronics  
Pvt Ltd. - Udaipur



Bharatiya Nabhikiya Vidhyut  
Nigam Ltd. - Kalapakkam

Amazon  
Infra Trade  
Pvt. Ltd,  
New Delhi

Dinu  
Electricals,  
Kochi

# Achievements during the Quarter



## Domestic Markets

- ✓ **Received a Prestigious Order amounting to Rs. 8.2 crore from Coastal Gujarat Power Limited**, (A Tata Power Company) for supply of "Instrumentation & Compensating Cables " for Ultra Power Project, Mundra, Gujarat which is first of its kind in India for all the five units of 800 M.W. each.

## Export Markets

- ✓ The company plans to increase its Export Sales contribution to 25% by FY'2010 compared to 16.1% share in FY'2009
- ✓ Aggressive marketing done by the company on export front
- ✓ As a result, the company received a major export order of Instrumentation Cables for Water desalination project in Qatar
- ✓ The company also received orders from Israel for Instrumentation Cables
- ✓ The company has added a new country to its existing base of countries exporting its products. It started exporting to Kazakhstan in Eastern Europe and **has received & executed an order for Special Low Voltage Cable**
- ✓ The company is exploring to enter new markets like Africa

## Manufacturing Capabilities

- Recent Capex done by the company and addition of new manufacturing line will **strengthen the manufacturing capabilities and product range** of the company
- The company is in the process of setting up a new manufacturing unit which is likely to be completed by Apr'2010.
- The major impact of the ongoing project implementation shall be **visible by FY'2011**
- The company **plans to go for backward integration** and is planning to start a fabrication unit of Packaging material for uninterrupted supply of packaging drums

## Marketing Strategy

- The company plans to further diversify its business model by introducing new products, export to new countries and addition of new sectors
- With the help of its **consistent focus on R&D**, the company introduced a special product "Special Low Voltage Cable" in Q4'09 which can survive even at a temperature of -40°. It is also looking to introduce such more innovative products with better value addition
- Post expansion, the company will have a **diversified product range qualitatively competitive with international products with edge in pricing.**
- Contribution of **Exports revenue is likely to go up to over 25% by FY'10** compared to 16.1% in FY'09

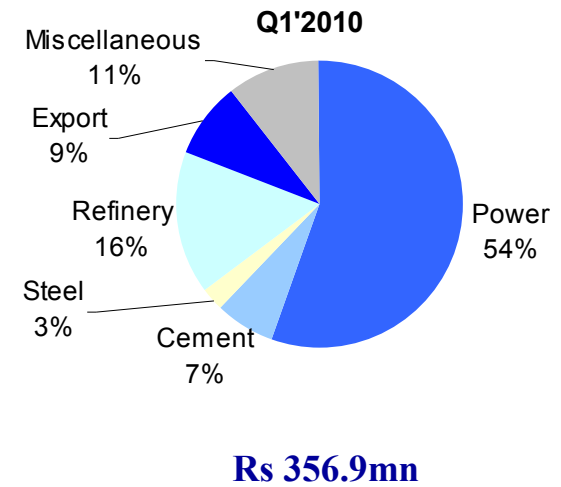
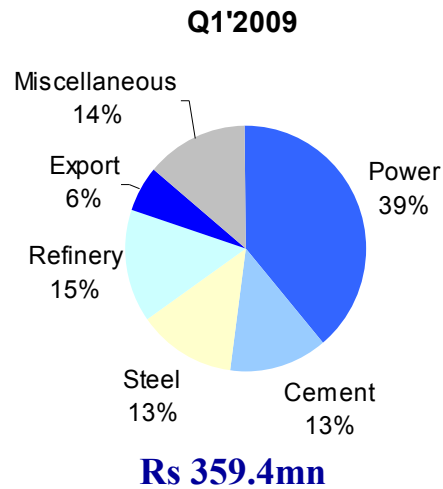
## Cost Control

- The management has **initiated major cost control exercise**
- Plans to **bring down its direct & indirect expenditure substantially** by restructuring/ reorganising its Manpower and Processes so as to ensure optimum utilisation of its resources

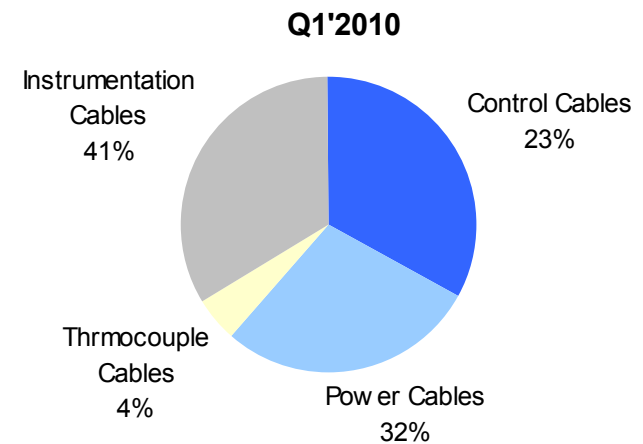
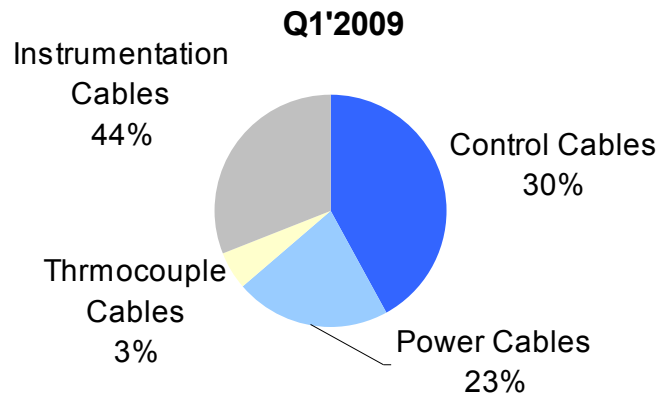
# Optimizing Revenue Mix



## Sector wise Revenue Breakup

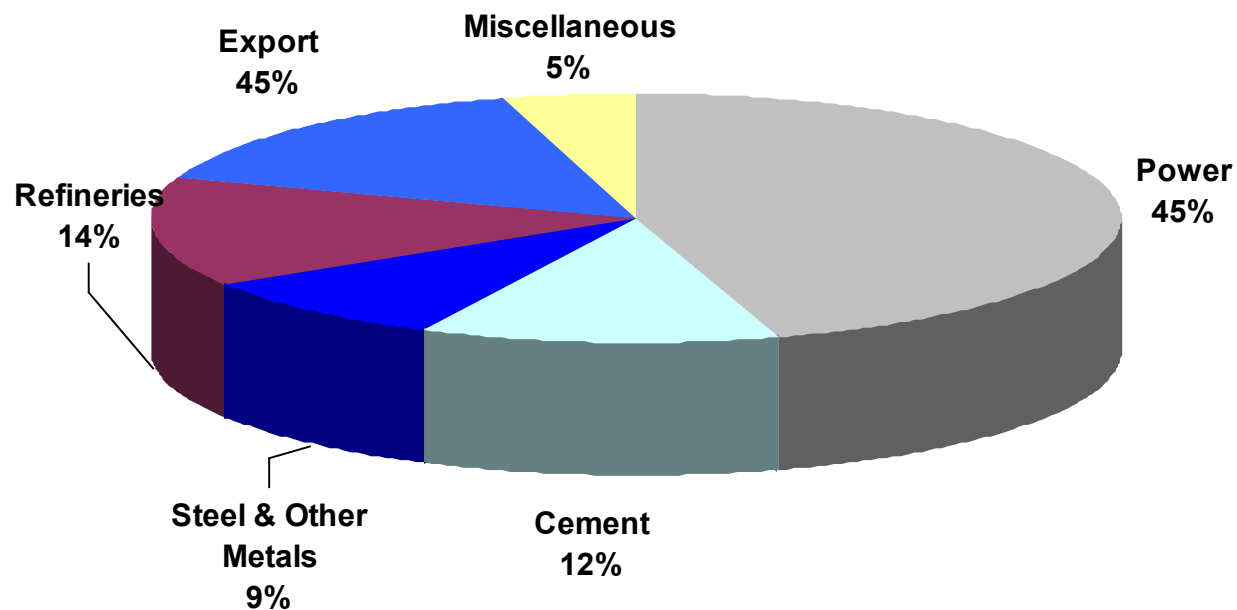


## Product wise Revenue Breakup



# Well Diversified Order Book

## Sector wise Order Book Breakup



**Total Order Book as on Date – Rs 74.8 Crore**

# Details of funds Raised & Utilised



Fund Raised		Rs lacs	
IPO		4164.75	
Borrowings		1209.68	
Proceeds from pre-IPO placement		419.15	
Internal Accruals (Balancing figure)		102.81	
		5896.39	
Funds Deployed		Proposed	Utilised
Setting up of production facilities		<i>(As per prospectus)</i>	<i>(till 30 Jun'09)</i>
Land		1737	2470.83
Building		875	367.34
Plant & Machinery		2610	1695.81
Misc. Fixed Assets		120	12.14
IDC & pre operative expenses		165	-
Contingencies		233	-
Working capital requirements		630	-
Issue expenses		450	435.21
		6820	4980.70
Balance**			<b>915.69</b>

\*\*Balance kept in bank FDR A/c/Current A/c & ICD

# Financial Statements– Income Statements

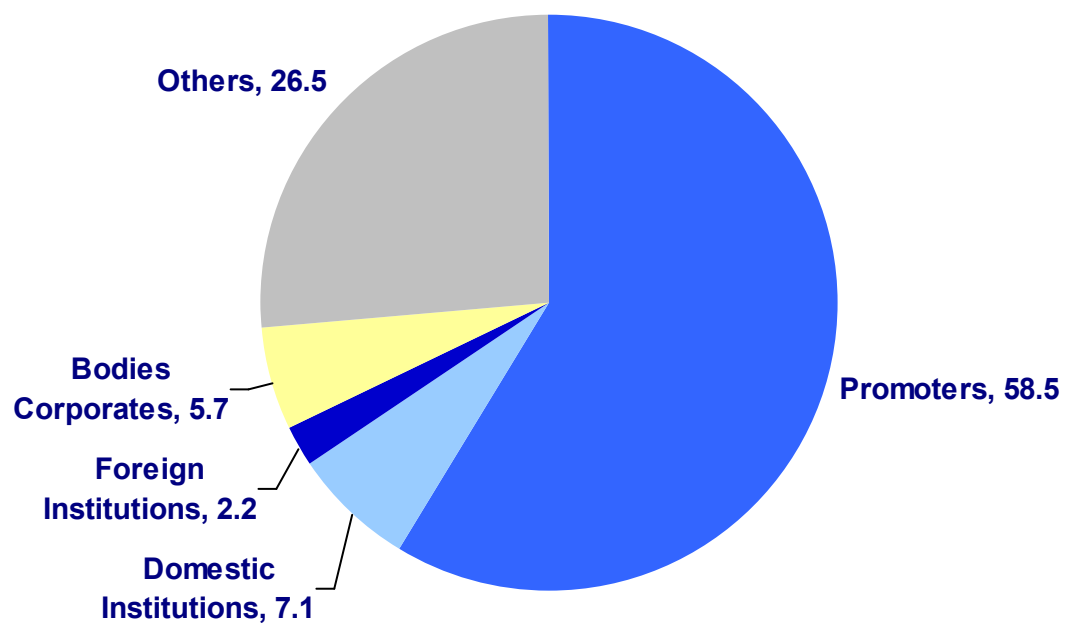
Amount in Rs Million

Particulars	Q1'10	Q1'09	FY'09
<b>Net Income from Operations</b>	<b>356.86</b>	<b>359.35</b>	<b>2,217.1</b>
<b>Total Expenditure</b>	<b>322.12</b>	<b>306.14</b>	<b>2004.3</b>
(a) Consumption of Raw Material	369.33	363.73	1,786.8
(b) Staff Cost	18.76	13.77	73.81
(c) Other Expenses	29.62	26.21	176.0
(d) Increase(-)/ Decrease in Stock in trade	(95.59)	(97.57)	(32.30)
<b>OPBITDA</b>	<b>34.74</b>	<b>53.21</b>	<b>212.8</b>
Depreciation & Amortisation	8.98	4.94	28.6
<b>OPBIT</b>	<b>25.77</b>	<b>48.27</b>	<b>184.1</b>
Finance Charges	18.39	12.05	83.9
<b>OPBT</b>	<b>7.37</b>	<b>36.22</b>	<b>100.2</b>
Non Operating Income/ Other Income	2.88	1.05	10.9
<b>PBT</b>	<b>10.25</b>	<b>37.27</b>	<b>111.1</b>
Tax	3.48	12.90	39.87
Fringe benefit tax			
Provision for deferred tax			
<b>PAT</b>	<b>6.76</b>	<b>24.37</b>	<b>71.3</b>
EPS (Rs.)	0.59	2.13	6.24

## Key Ratios

Key Ratios	Q1'10	Q1'09	FY'09
EBIDTA Margin	9.7%	14.8%	9.6%
PAT Margin	1.9%	6.8%	3.2%
Total Expenditure/Net Income from Operations	90.3%	85.2%	90.4%
Raw material/Net Income from Operations	76.7%	74.1%	79.1%
Staff Cost/Net Income from Operations	5.3%	3.8%	3.3%

## Percentage Shareholding



## About Cords Cable Industries Ltd

**Cords Cable Industries Ltd** is engaged in the manufacturing and marketing of cables. The ISO 9001:2000 accredited company manufactures cables and the product range includes low tension (LT) control cables, LT power cables, instrumentation cables, coaxial cables, thermocouple extension cables and speciality cables. The company has a manufacturing unit at Chopanki, Rajasthan and is in the process of setting up a new manufacturing unit to be partly funded by their recently concluded IPO. The company caters to industries like power, steel, cement, fertilizers, chemicals, and petroleum among several others. The company's main focus area is on Specialised and Value added business. Around 80% of company's revenue comes from these specialised cables. For more information please visit [www.cordscable.com](http://www.cordscable.com)

## About Emerging India Value Advisors Pvt Ltd

**Emerging India Value Advisors Pvt Ltd**. (EIVA) has been set up to provide comprehensive financial solutions to business entities who have a scalable and sustainable business model to enable them to realize their full potential. Our service offerings include – IPO Consulting, Investor Relations, Fund Raising, M&A Consulting, Pre & Post IPO equity placement & Capital Restructuring. Our client list includes various corporations, institutional investors & high net-worth individuals. Emerging India has a team of experienced analysts covering the key sector including FMCG, Real Estate, Infrastructure and manufacturing among others. For more information please visit [www.emergingindia.co.in](http://www.emergingindia.co.in)

## Forward Looking Statement

*Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.*

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