

September 09, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B+/Stable (Assigned)
EPC/PCFC	3.00	SMERA B+/Stable (Assigned)
Term Loan	0.06	SMERA B+/Stable (Assigned)
Proposed EPC/PCFC	4.69	SMERA B+/Stable (Assigned)
Letter of Credit	5.00	SMERA A4 (Assigned)
Bank Guarantee	0.25	SMERA A4 (Assigned)
FDDBP/FDUBD	5.50	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (**read as SMERA single B plus**) and '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Sequel Alloys & Wires Private Limited (SAWPL). The outlook is '**Stable**'. The ratings are constrained by the company's moderate financial risk profile and working capital-intensive operations. However, the ratings are supported by the company's experienced management and long-standing relations with customers.

SAWPL, established in 2004, is a Noida-based company engaged in manufacturing and export of specialised alloys, wires and conductors. SAWPL's moderate financial risk profile is reflected in gearing (debt-equity ratio) of 1.33 times (provisional) as on March 31, 2014 and interest coverage ratio of 1.86 times (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The company's operations are working capital-intensive with high gross current assets (GCA) of ~315 days (provisional) in FY2013-14.

SAWPL benefits from its experienced management. Mr. Sandeep Kumar and Mr. Asit Kumar, promoters of SAWPL, have around two decades of experience in the company's line of business. SAWPL has a strong second line of management. The company receives repeat orders on the back of its long-standing relations with customers.

Outlook: Stable

SMERA believes SAWPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and long-standing relations with customers. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues and profitability while achieving efficient working capital management. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile and liquidity position.

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About the company

SAWPL, established in 2004, is a Noida-based company promoted by Mr. Sandeep Kumar and Mr. Asit Kumar. SAWPL is engaged in manufacturing and export of specialised alloys, wires and conductors. The company's product portfolio includes coil lead wires, copper clad steel conductors, nickel-plated cadmium copper conductors, silver-plated copper alloy wires and kevlar reinforced conductors. SAWPL plans to expand its existing manufacturing capacity. The company also plans to foray into manufacturing of nickel-plated aluminium and copper wires. SAWPL's manufacturing unit is located in Noida-Special Economic Zone, Uttar Pradesh.

For FY2013-14 (as per provisional financial statements), SAWPL reported profit after tax (PAT) of Rs.0.81 crore on total operating income of Rs.24.02 crore, as compared with PAT of Rs.0.68 crore on total operating income of Rs.23.84 crore for FY2012-13. The company's net worth stood at Rs.9.48 crore (provisional) as on March 31, 2014, as compared with Rs.8.66 crore a year earlier.

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