

December 21, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.50	SMERA B+/Stable (Re-affirmed)
EPC/PCFC	3.00	SMERA B+/Stable (Re-affirmed)
FDDBP/FDUBD	5.50	SMERA B+/Stable (Re-affirmed)
Letter of Credit	5.00	SMERA A4 (Re-affirmed)
Bank Guarantee	0.25	SMERA A4 (Re-affirmed)
Long Term (Proposed)	4.75	SMERA B+/Stable (Re-affirmed)

SMERA has reaffirmed the long term rating of '**SMERA B+** (**read as SMERA B plus**) and short term rating of '**SMERA A4** (**read as SMERA A four**) on the Rs.20.00 crore bank facility 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 nature of operations. However, the ratings are supported by the experienced management and long standing relations with customers.

Update

SAWPL reported profit after tax (PAT) of Rs.0.70 crore on operating income of Rs.26.29 crore in provisional FY2014-15, as compared with profit after tax (PAT) of Rs.0.15 crore on operating income of Rs.23.91 crore in FY2013-14. The company's net profit margins increased to 2.65 per cent in FY2014-15 from 0.63 per cent in FY2013-14. The gearing level (debt-to-equity) marginally increased to 1.94 times as on March 31, 2015 from 1.81 times as on March 31, 2014. The net worth stood at Rs.9.49 crore as on March 31, 2015 against Rs.8.77 crore a year earlier.

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 financial risk profile and liquidity position.

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Rating Sensitivity Factors

- Scaling up of operations while maintaining profit margins
- Significant capital expenditure and its funding thereof

About the Company

SAWPL, established in 2004, is a Noida-based company promoted by Mr. Sandeep Kumar and Mr. Asit Kumar. The company manufactures specialised alloys, wires and conductors at its facility at Noida-Special Economic Zone, Uttar Pradesh. The product portfolio of the company includes coil lead wires, copper clad steel conductors, and nickel-plated cadmium copper conductors among others. SAWPL plans to expand its existing capacity to manufacture nickel-plated aluminium and copper wires.

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