



SMERA RATINGS LIMITED

Sequel Alloys and Wires Private Limited (SAWPL)

*Rating
Rationale*

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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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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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