

January 21, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	20.00	SMERA BB+/Stable (Assigned)
Term Loan	0.72	SMERA BB+/Stable (Assigned)
Stand by Line of Credit	2.00	SMERA A4+ (Assigned)
Letter of Credit	8.50	SMERA A4+ (Assigned)
Bank Guarantee	1.50	SMERA A4+ (Assigned)
Forward Cover Limit	0.51	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.20.72 crore long term bank facilities and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.12.51 crore short term bank facilities of Khaitan Winding Wire Private Limited (Khaitan Winding). The outlook is '**Stable**'. The ratings are supported by the company's established operational track record and experienced management, established relations with customers and suppliers and low gearing. However, the ratings are constrained by the modest scale of operations, moderate coverage indicators and volatility in prices of raw material and finished goods.

Rating Sensitivity Factors

- Improvement in scale of operations and profitability
- Improvement in coverage indicators
- Deterioration in capital structure
- Ability to effectively manage fluctuating copper prices

Outlook: Stable

SMERA believes Khaitan Winding will maintain a stable business profile over the medium term owing to the experienced management. The outlook may be revised to 'Positive' in case the company registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing the pressure on margins and capital structure.

About the Company

The Kolkata-based Khaitan Winding, incorporated in 1989 manufactures copper and aluminium wires and strips targeted at original equipment manufacturers (OEM) in India. The company is managed by Mr. Ajit Khaitan.

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.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.84.48 crore as against PAT of Rs.0.88 crore on operating income of Rs.73.76 crore for the previous year. The tangible net worth for FY2014-15 stood at Rs.23.29 crore as against Rs.23.05 crore in the previous year.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in