

July 09, 2013

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	17.50	SMERA BBB-/Stable (Assigned)
Term Loan	17.13	SMERA BBB-/Stable (Assigned)
Line of Credit	11.00	SMERA A3 (Assigned)
Letter of Credit	24.00	SMERA A3 (Assigned)
Bank Guarantee	30.00	SMERA A3 (Assigned)
Proposed Long Term Bank Loan Facility	0.37	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (read as **SMERA Triple B Minus**) to the Rs.35.00 crore long-term bank facilities and '**SMERA A3**' (read as **SMERA A Three**) to the Rs.65.00 crore short-term bank facilities of Siechem Technologies Private Limited (STPL). The outlook is '**Stable**'. The ratings are supported by the company's strong market position, diversified product profile, strong research and development setup and experienced management. However, the ratings are constrained by the company's moderate financial profile marked by high leverage and modest net worth.

STPL is one of India's largest specialty cables company. STPL benefits from a diversified product profile aided by a government recognized in-house research and development facility. However, STPL's ratings are constrained by a modest net worth and highly leveraged capital structure.

#### Outlook: Stable

SMERA believes the outlook on STPL's rated facilities will remain stable over the medium term on the back of the company's established market position. The outlook may be revised to 'Positive' in case the company registers higher-than-expected profit margins and net cash accruals with an improvement in working capital management and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected net cash accruals or in case of deterioration in the company's working capital management or debt protection metrics.

#### About the company

STPL, incorporated in 2004, is a Chennai-based company involved in manufacturing of specialty wires. STPL has a manufacturing unit in Pondicherry, Tamil Nadu. The company caters to various industries including solar power, naval and marine applications and telecom equipment. Mr. P. Damodaren, Managing Director of STPL, has over twenty years of experience in the specialty cables industry. For FY2011-12, STPL reported profit after tax of Rs.3.33 crore as compared with profit after tax of Rs.0.53 crore for FY2010-11.

*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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*

**Contact List:**

Media / Business Development	Analytical Contacts	Rating Desk
<p>Sanjay Kher Head Sales - Corporate Ratings Tel : +91 22 6714 1193 Cell : +91 98191 36541 Email : <a href="mailto:sanjay.kher@smera.in">sanjay.kher@smera.in</a> Web: <a href="http://www.smera.in">www.smera.in</a></p>	<p>Umesh Nihalani Head - Corporate Ratings, Tel: +91-22-6714 1106 Email: <a href="mailto:umesh.nihalani@smera.in">umesh.nihalani@smera.in</a></p>	<p>Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a></p>

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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.