

January 31, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>3.00</b>	<b>SMERA BBB-/Stable(Assigned)</b>
<b>Proposed Cash Credit</b>	<b>2.00</b>	<b>SMERA BBB-/Stable(Assigned)</b>
<b>Letter of Credit</b>	<b>10.00</b>	<b>SMERA A3(Assigned)</b>
<b>Proposed Letter of Credit</b>	<b>3.00</b>	<b>SMERA A3(Assigned)</b>
<b>Proposed Bank Guarantee</b>	<b>2.00</b>	<b>SMERA A3(Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA BBB-**' (read as **SMERA Triple B Minus**) and a short-term rating of '**SMERA A3**' (read as **SMERA A Three**) to the above-mentioned bank facilities of G. K. Winding Wires Limited (GKWWL). The outlook is '**Stable**'. The ratings are supported by the company's moderate profit margins, healthy debt protection metrics and comfortable liquidity position. The ratings are further supported by the company's reputed clientele, diversified end-user base and experienced management. However, the ratings are constrained by the company's modest operating scale.

GKWWL, established in 1975, is a Noida-based company engaged in manufacturing of enamelled aluminium and copper wires. GKWWL's net profit margin is moderate at 2.25 per cent in FY2012-13 (refers to financial year, April 01 to March 31). The company has healthy debt protection metrics as reflected in low leverage of 0.45 times as on March 31, 2013 and strong interest coverage ratio of 4.71 times in FY2012-13. Moreover, the company has a comfortable liquidity position as evidenced by low average utilisation (55 per cent) of cash credit limit during July 2013 to December 2013. GKWWL benefits from its long-standing relationships with various reputed customers, including Denso, LG Electronics and Orient Fans. The company caters to clients across diversified industries, including electronics, automobile, consumer durables and capital goods.

GKWWL benefits from its experienced management. Mr. Sudhir Agarwal, director of GKWWL, has around four decades of experience in the non-ferrous metals industry. Mr. Sameer Agarwal (son of Mr. Sudhir Agarwal) has around ten years of experience in the company's line of business.

GKWWL has a modest operating scale with net sales of Rs.190.19 crore in FY2012-13 (refers to financial year, April 01 to March 31).

### Outlook: Stable

SMERA believes GKWWL will continue to benefit over the medium term from its long track record of operations, diversified customer base and experienced management. The outlook may be revised to '**Positive**' in case of substantial improvement in the company's capital structure and cash accruals. Conversely, the outlook may be revised to '**Negative**' in case of deterioration in the company's financial profile on account of larger-than-expected debt-funded capital expenditure or working capital requirements.

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### About the company

GKWWL, established in 1975, is a Noida-based company promoted by Mr. Sudhir Agarwal and Mr. Sameer Agarwal. GKWWL is engaged in manufacturing of enamelled aluminium and copper wires. The company has a manufacturing unit in Greater Noida, with an installed capacity of 6000 MT p.a.

For FY2012–13, GKWWL reported PAT of Rs.4.27 crore on operating income of Rs.190.19 crore, as compared with PAT of Rs.5.23 crore on operating income of Rs.178.69 crore for FY2011–12. The company's net worth stood at Rs.27.66 crore as on March 31, 2013, as compared with Rs.23.51 crore a year earlier.

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