

Plaza Wires Private Limited: Reaffirmed

Name of the Instruments	Amount (Rs Crore)	Rating/Outlook
Term Loan	1.50	SMERA BB+/Stable (Reaffirmed)
Cash Credit	25.00	SMERA BB+/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the above mentioned bank facilities of Plaza Wires Private Limited (PWPL). The outlook is '**Stable**'. The rating continues to draw support from the company's experienced management, moderate financial risk profile and comfortable liquidity position. However, the rating remains constrained by the susceptibility of profit margins to volatility in raw material prices and intense competition in the cables and wires industry.

Update

PWPL's financial profile reflects stable interest coverage ratio at 1.62 percent from FY2013-14 to FY2014-15. The company's net profit margin has improved and stands at 1.16 percent as compared to 0.95 percent in FY2013-14. For FY2014-15, PWPL reported net profit after tax of Rs.1.25 crore on total income of Rs.108.25 crore as against net profit after tax of Rs.0.99 crore on total income of Rs.104.29 crore a year earlier. The company's debt to equity capital ratio increased to 1.21 times as on March 31, 2015 as compared to 0.93 times in FY2013-14.

PWPL continues to benefit from its experienced management Mr. Sanjeev Gupta, Managing Director, has around 26 years of experience in the company's line of business. The comfortable liquidity position is reflected in the moderate utilisation of cash credit limit and current ratio of 1.35 per cent as on FY2014-15.

Outlook-Stable

SMERA believes that the outlook on PWPL's rated facility will remain stable over the medium term on account of the experienced management and established customer relations. The company's ability to expand its scale of operations without compromising on profitability and liquidity position will be a key rating sensitivity. The outlook may be revised to 'Positive' in case the company demonstrates higher-than-expected growth in revenues while maintaining a comfortable liquidity position and achieving improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of sharp decline in the profit margins.

Rating Sensitivity Factor

- Increase in scale of operations while improving profitability and capital structure

Criteria applied for arriving at the rating:

- Manufacturing Entity

About the Company

The Delhi-based PWPL, incorporated in 2006, is part of the Plaza Cable Group of Companies, established in 1934 by Mr. Bhim Sain Gupta.

PWPL, engaged in the cables and wires industry has a manufacturing unit in Baddi (Himachal Pradesh), with total installed capacity of 0.12 crore coils per annum. The overall operations are managed by Mr. Sanjay Gupta and Mrs. Sonia Gupta.

For FY2014-15, PWPL reported profit after tax (PAT) of Rs.1.25 crore on operating income of Rs.108.05 crore as compared to PAT of Rs. 0.99 crore on operating income of Rs.104.29 crore in FY2013-14. The net worth stood at Rs.20.49 crore as on March 31, 2015, as compared to Rs.19.18 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating	Outlook
			Long Term	
31 March, 2015	Proposed Cash Credit	3.00	SMERA BB+ (Assigned)	Stable
	Proposed Term Loan	1.50	SMERA BB+ (Assigned)	Stable
	Cash Credit	22.00	SMERA BB+ (Upgraded from SMERA BB/Stable)	Stable
15 April, 2014	Cash Credit	22.00*	SMERA BB (Assigned)	Stable

*Includes Sublimit of ILC/FLC to the extent of Rs. 3.00 Crore

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