

Wilson Engineering Industries Private Limited: Reaffirmed

| Facilities | Amount (Rs Crore) | Ratings/Outlook |
|--------------------------|-------------------|--------------------------------|
| Cash Credit | 13.50 | SMERA BB-/ Stable (Reaffirmed) |
| Foreign Letter of Credit | 15.00 | SMERA A4+ (Reaffirmed) |

SMERA has reaffirmed the long term rating of '**SMERA BB-' (read as SMERA double B minus)** and short term rating of '**SMERA A4+' (read as SMERA A four plus)** on the above mentioned Rs.28.50 crore bank facilities of Wilson Engineering Industries Private Limited (WEIPL). The outlook is '**Stable**'.

The ratings continue to derive comfort from the long track record of operations, experienced management, established relations with customers and moderate financial risk profile. However, the ratings are constrained by the working capital intensive business and susceptibility of profit margins to fluctuations in forex rates.

Update

WEIPL manufactures undercarriage components and road construction equipments. The company registered revenue of Rs.45.26 crore in FY2015-16 from Rs.40.88 crore in FY2014-15. For H1FY2016-17 (April 2016 to September 2016) the company registered revenue of Rs.25.40 crore (provisional). The financial risk profile continues to remain moderate in FY2015-16. The gearing has remained stable at 1.25 times as on March 31, 2016 as against 1.31 times as on March 31, 2015. The coverage indicators such as interest coverage ratio (ICR) remained moderate at 1.55 times for FY2015-16 as against 1.54 times for FY2014-15. The networth increased from Rs.11.64 crore as on March 31, 2015 to Rs.12.19 crore as on March 31, 2016.

However, the operations continue to remain working capital intensive. For FY2015-16 the working capital cycle stood at 103 days with GCA of 258 days as compared to 96 days of working capital cycle for FY2014-15 with GCA of 274 days.

Rating Sensitivity Factors

- Increase in scale of business with an increase in profitability
- Effective management of working capital cycle

Outlook: Stable

SMERA believes that WEIPL will continue to benefit over the medium term from its experienced management and established business relationships with customers and suppliers. The outlook may be revised to 'Positive' if the scale of operations increases with efficient working capital management. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile and stretch in working capital.

Criteria applied to arrive at the ratings:

- Manufacturing entities

About the Company

The Kolkata based-WEIPL, a partnership firm, was established in 1967 by Mr. Shyam Sunder Sahay and converted into a private limited company in 1981. The company manufactures undercarriage components, road construction equipments and also trades in ground engineering tools. The manufacturing facilities are located at West Bengal, Uttrakhand and Patna.

For FY2015-16, the company reported Profit After Tax (PAT) of Rs.0.55 crore on operating income of Rs.45.26 crore as against PAT of Rs.0.53 crore on an operating income of Rs.40.88 crore for FY2014-15.

Rating History

| Date | Facilities | Amount (Rs. Crore) | Ratings | | Rating Outlook |
|-------------------|-----------------------------|-----------------------|---------------------------|---------------------------|-------------------|
| | | | Long Term | Short Term | |
| 27 October, 2014 | Cash Credit | 11.50 | SMERA BB- (Assigned) | - | Stable |
| | Foreign Letter of Credit | 13.00 | - | SMERA A4 (Assigned) | - |
| 04 November, 2015 | Cash Credit | 11.50 | SMERA BB- (Reaffirmed) | - | Stable |
| | Foreign Letter of Credit | 13.00 | - | SMERA A4+ (Upgraded) | - |
| 05 December, 2016 | Cash Credit | 11.50 | SMERA BB- (Reaffirmed) | - | Stable |
| | Foreign Letter of Credit | 13.00 | - | SMERA A4+ (Reaffirmed) | - |

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ABOUT SMERA

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