

Press Release

Wilson Engineering Industries Private Limited

12 April, 2018



Rating Reaffirmed

Total Bank Facilities Rated	Rs.28.50 crore
Long Term Rating	SMERA BB-/Stable (Reaffirmed)
Short Term Rating	SMERA A4+ (Reaffirmed)

** Refer Annexure for details*

Rating Rationale

SMERA has reaffirmed a long term rating of '**SMERA BB-'** (read as **SMERA BB minus**) and the short term rating of '**SMERA A4 Plus**' (read as **A Four Plus**) to the above mentioned bank facilities of Wilson Engineering Industries Private Limited. The outlook is '**Stable**'.

Wilson Engineering Industries Private Limited (Wilson) was established as a partnership firm in the year 1967 by Mr. Shyam Sunder Sahay. The firm converted into a private limited company in the year 1981. Wilson is engaged in manufacturing of undercarriage components, road construction equipment and ground engineering tools with their manufacturing unit in West Bengal, Uttarakhand, Bihar.

Key rating drivers

Strengths

Long track record of operations and experienced management

Wilson Engineering Industries Private Limited (Wilson) was established as a partnership firm in the year 1967 by Mr. Shyam Sunder Sahay and Mr. Vishal Sahay and was subsequently changed its constitution to private limited entity in the year 1981. The management are having more than four decades of experience in the same line of business. This long track record of operations and experienced management has helped the company in maintain relationships with the customers.

Reputed customer base & established customer relationship

The company is catering to reputed customers which includes clients like –Coal India Ltd and its subsidiaries.

Weaknesses

Average financial risk profile

The company is having average financial risk profile marked by moderate network gearing and healthy debt protection matrix. The network stood at Rs.12.70 crore as on 31st March 2017 as against Rs.12.19 crore in the previous year. The gearing stood at 1.24 times as on 31st March 2017 as against 1.25 times in the previous year. The total debt of Rs.15.68 crore consists of Rs.0.65 crore long term debt, unsecured loans from promoters of Rs.1.90 crore and short term borrowings of Rs.13.14 crore. The interest coverage ratio stood at 1.53 times in FY2017 as against 1.55 times in the previous year. The Debt Service Coverage Ratio (DSCR) stood at 1.44 times in FY2017 as against 1.45 times in the previous year. The NCA/TD ratio stood same at 0.06 times in FY2017 as against previous year.

Working capital intensive business operation

The company is having working capital intensive nature of operations marked by gross current asset (GCA) days of 313 as on 31st March 2017 as against 259 days in the previous year. The inventory days stood at 190 days as on 31st March 2017, as against 128 days in the previous year. The reason for increase in inventory days is due to closure of DGS&D. Further, the debtor days stood at 74 days as on 31st March 2017 as against 92 days in the previous year.

Analytical approach:

SMERA has considered the standalone business and financial risk profile of the firm.

Outlook – Stable

SMERA believes that WEIPL will continue to benefit over the medium term from its experienced management and established business relationship with customers. The outlook may be revised to 'Positive' if company's scale of operations increases with managing working capital efficiently. Conversely, the outlook may be revised to 'Negative' in case of elongation in the working capital cycle.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	32.46	45.26	40.88
EBITDA	Rs. Cr.	2.93	2.95	3.04
PAT	Rs. Cr.	0.51	0.55	0.53
EBITDA Margin	(%)	9.03	6.52	7.44
PAT Margin	(%)	1.58	1.22	1.29
ROCE	(%)	9.73	10.27	11.19
Total Debt/Tangible Net Worth	Times	1.24	1.25	1.31
PBDIT/Interest	Times	1.53	1.55	1.54
Total Debt/PBDIT	Times	5.03	4.78	4.71
Gross Current Assets (Days)	Days	313	259	274

Any other information:

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing: <https://www.smera.in/criteria-manufacturing.htm>
- Application Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

Not Applicable. The rating has been done only on financial information available in the public domain.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
27-Dec-2016	Cash Credit	Long Term	13.50	SMERA BB-/Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	SMERA A4+ (Reaffirmed)
05-December-2016	Cash Credit	Long Term	11.50	SMERA BB-/Stable (Reaffirmed)
	Letter of Credit	Short Term	13.00	SMERA A4+ (Reaffirmed)
04-November,2015	Cash Credit	Long Term	11.50	SMERA BB-/Stable (Reaffirmed)
	Letter of Credit	Short Term	13.00	SMERA A4+ (Upgraded)
27 October,2014	Cash Credit	Long Term	11.50	SMERA BB-/Stable (Assigned)
	Letter of Credit	Short Term	13.00	SMERA A4 (Assigned)

Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	13.50	SMERA BB-/Stable (Reaffirmed)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA A4+ (Reaffirmed)

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ABOUT SMERA

SMERA Ratings Limited

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