

Press Release

Wilson Engineering Industries Private Limited

July 01, 2019



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 28.50 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable (Reaffirmed)
Short Term Rating	ACUITE A4+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE BB-**' (**read as ACUITE double B minus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) to the Rs. 28.50 crore bank facilities of Wilson Engineering Industries Private Limited (Wilson). 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 was 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 the manufacturing unit in West Bengal, Uttarakhand and Bihar.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Wilson to arrive at this rating.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

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 has 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 healthy relationships with the customers and suppliers.

- **Reputed customer base & established customer relationship**

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

Weaknesses

- **Average financial risk profile**

Wilson's financial risk profile is marked by moderate net worth, low gearing and average debt protection measures. The net worth increased to Rs.14.03 crore as on 31 March, 2019 (Provisional) as against Rs.13.33 crore in the previous year on account of accretion to reserves. The firm's gearing is estimated to be low at 1.12 times as on 31 March, 2019 (Provisional) as against 1.13 times in the previous year. The company has followed a conservative financial policy in the past, as reflected by its peak gearing of around 1.24 times as on March 31, 2017. The total debt of Rs.15.67 crore consists of long term debt of Rs.0.27 crore, unsecured loans of Rs. 1.90 crore and Rs.13.50 crore of short term debt obligations. The moderate profitability levels have resulted in net cash accruals of Rs.1.09 crore during 2017-19, while the debt levels have remained moderate at around Rs.15.67 crore during the same period, leading to average debt protection measures. The interest coverage ratio stood at 1.79 times in FY19 (Provisional) as against 1.63 times in the previous year. NCA/TD ratio stood 0.07 times in FY19(Provisional). Acuité believes that the financial risk profile will continue to remain average on account of moderate cash accruals and modest scale of operations.

• **Working capital intensive business operations**

The company continues to have working capital intensive nature of operations with Gross Current Asset of 265 days for FY2019 (Provisional) compared to 304 days in the previous year. The inventory days stood at 103 days as on 31 March, 2019 (Provisional), as against 114 days in the previous year. Further, the debtor days stood at 132 days as on 31 March, 2019 as against 146 days in the previous year.

Liquidity Position:

Wilson has adequate liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.0.89-1.09 crore during the last three years through 2018 - 19, while its maturing debt obligations were in the range of Rs.0.27-0.33 crore over the same period. The cash accruals of the company are estimated to remain at around Rs.1.48-1.95 crore during 2020-22. The company's operations are working capital intensive as marked by Gross Current Asset (GCA) days of 265 in FY 2019 (Provisional). The company maintains unencumbered cash and bank balances of Rs.0.01 crore as on March 31, 2019 (Provisional). The current ratio of the company stood moderate at 1.48 times as on March 31, 2019 (Provisional). Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of moderate cash accrual while there are no maturing debt obligations.

Outlook: Stable

Acuité believes that the outlook on Wilson's rated facilities will remain 'Stable' over the medium term on account of its promoter's extensive experience, and established operational track record. The outlook may be revised to 'Positive' in case of substantial and sustained growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial and liquidity profile most likely as a result of higher than envisaged working capital requirements

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	37.50	33.55	32.46
EBITDA	Rs. Cr.	2.79	2.92	2.93
PAT	Rs. Cr.	0.70	0.63	0.51
EBITDA Margin	(%)	7.44	8.69	9.03
PAT Margin	(%)	1.86	1.89	1.58
ROCE	(%)	8.69	9.51	9.73
Total Debt/Tangible Net Worth	Times	1.12	1.13	1.24
PBDIT/Interest	Times	1.79	1.63	1.53
Total Debt/PBDIT	Times	5.31	4.86	5.03
Gross Current Assets (Days)	Days	265	304	313

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios and Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
06-Jun-2019	Cash Credit	Long Term	13.50	ACUITE BB- (Indicative)
	Letter of Credit	Short Term	15.00	ACUITE A4+ (Indicative)
12-Apr-2018	Cash Credit	Long Term	13.50	ACUITE BB- / Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A4+ (Reaffirmed)
27-Dec-2016	Cash Credit	Long Term	13.50	ACUITE BB- / Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A4+ (Reaffirmed)

*Annexure – Details of instruments rated

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

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About Acuité Ratings & Research:

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