

Wig Brothers India Private Limited: Reaffirmed

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	1.00	SMERA BB/Stable (Reaffirmed)
Bank Guarantee/ Inland Letter of Credit	12.50	SMERA A4+(Reaffirmed)

SMERA has reaffirmed ratings of '**SMERA BB**' (read as **SMERA double B**) on the Rs.1.00 crore long term (fund based) and '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.12.50 crore short term (non-fund based) bank facilities of Wig Brothers India Private Limited (WBIPL). The outlook continues to remain '**Stable**'.

The ratings continue to draw support from the experienced management and healthy financial risk profile. However, the aforementioned strengths are partially offset by the small scale of operations, high dependence on tender based orders and working capital intensive business.

Update

WBIPL undertakes construction activities in the residential, commercial and industrial segments. The company benefits from its experienced management. Mr. Ashish Mohan Wig, Director, has more than two decades of experience in the company's line of business. The company's healthy financial risk profile is evident from the low leverage (debt-equity ratio) of 0.05 times in FY2015-16 (refers to financial year, April 01 to March 31) against 0.08 times in FY2014-15 and interest coverage ratio of 3.35 times in FY2015-16. The company's total debt of Rs.3.12 crore (as on March 31, 2016) includes non-interest bearing unsecured loans of Rs.2.78 crore from promoters, friends and relatives that are subordinated to bank debt. SMERA has treated such unsecured loans as quasi equity that translates into 60 per cent utilisation of fund based limits.

However, WBIPL's scale of operation continues to remain modest evident from the operating income of Rs.17.37 crore in FY2015-16 against Rs.13.66 crore in FY2014-15. The company's operations are working capital-intensive evident from the gross current assets (GCA) of 184 days with inventory holding of 55 days and collection period of 99 days in FY2015-16. WBIPL is highly dependent on tender-based orders floated by government and private players.

Outlook-Stable

SMERA believes that WBIPL will continue to maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers significant and sustained improvement in operating income while maintaining profitability margins and leverage. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the revenue profile, lengthening of working capital cycle or debt funded capital expansion.

Rating Sensitivity Factors

- Sustainable improvement in operating income and profitability profile
- Efficient working capital management
- Large debt funded capital expansion

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

WBIPL, incorporated in 1996, is a Haryana based company that undertakes construction activities in the residential, commercial and industrial segments.

For FY2015-16, WBIPL reported (profit after tax) PAT of Rs.0.00 crore on operating income of Rs.17.37 crore as compared with net loss of Rs.0.27 crore on operating income of Rs.13.66 crore for FY2014-15. The company's net worth stands at Rs.7.01 crore as on March 31, 2016 as compared with Rs.6.18 crore a year earlier.

Rating History

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating/ Outlook
			Long Term	Short Term	
06 July, 2015	Cash Credit	1.00	SMERA BB (Assigned; Suspension Revoked)	-	Stable
	Bank Guarantee/ Inland Letter of Credit	12.50	-	SMERA A4+ (Assigned; Suspension Revoked)	-
13 April, 2015	Cash Credit	0.60	SMERA BB (Suspended)	-	Stable
	Bank Guarantee/ Inland Letter of Credit	5.00	-	SMERA A4+ (Suspended)	-
	Proposed Cash Credit	1.00	SMERA BB (Suspended)	-	Stable
	Proposed Bank Guarantee	12.50	-	SMERA A4+ (Suspended)	-
	Proposed Long Term Bank Facilities	0.90	SMERA BB (Suspended)	-	Stable
07 January, 2014	Cash Credit	2.50	SMERA BB (Assigned)	-	Stable
	Bank Guarantee	17.50	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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