



SMERA RATINGS LIMITED

## Wevin Private Limited (WPL)

### Rating Rationale

**September 24, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	15.00	SMERA BB/Stable (Assigned)
Bank Guarantee	18.00	SMERA A4+ (Assigned)
Letter of Credit	2.00	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.15.00 crore fund based bank facility and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.20.00 crore non-fund based bank facility of Wevin Private Limited (WPL). The outlook is '**Stable**'. The ratings are supported by the company's moderate financial risk profile marked by low gearing of 0.21 times as on March 31, 2015, moderate interest coverage of 2.01 and healthy operating profitability of 23.32 per cent in FY2014-15. The ratings also draw support from the healthy order book of Rs.38.00 crore as on July 31, 2015.

However, the ratings are constrained by the working capital intensive nature of business marked by gross current asset days of 404 days as on March 31, 2015 and the company's exposure to the inherent cyclicity in the automobile industry. Further, the ratings also factor in risks related to timely completion of the project.

#### **Outlook: Stable**

SMERA believes WPL maintain its moderate business risk profile in the medium term on the back of its strong profitability, healthy order book and diverse clientele. The outlook may be revised to 'Positive' in case of improvement in the return on assets and expansion of the top line or efficient collection management resulting in decrease in debtors' holdings. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, liquidity constraints or deterioration in the capital structure.

#### **Rating Sensitivity Factors**

- Working capital management
- Improvement in profitability margins

#### **About the Company**

Wevin Private Limited (WPL) was incorporated in 1994 as a joint venture between Jervis B. Webb Company, USA (JBW) and Vinar Systems Pvt. Ltd., India as Webb India Pvt. Ltd. (WIPL).

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WPL is engaged in the integration of chain and non-chain conveyor systems that find application in a wide range of industries primarily as a key material handling solution. The company also provides repair and maintenance services for such systems.

For FY2013-14, WPL reported net profit of Rs.0.82 crore on total income of Rs.37.87 crore, as compared with net profit of Rs.10.20 crore on total income of Rs.73.15 crore in FY2012-13. The company has achieved operating income of Rs.54.85 crore (provisional) in FY2014-15. WPL's net worth stood at Rs.25.04 crore as on March 31, 2014, as compared with Rs.21.71 crore a year earlier.

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