

Press Release

Wirecom (India) Private Limited

November 22, 2019

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 13.00 Cr.
Long Term Rating	ACUITE BB (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) on the Rs. 13.00 crore bank facilities of Wirecom (India) Private Limited (WIPL). This rating is now withdrawn and is based on best available information.

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuite's policy on withdrawal.

Wirecom (India) Private Limited (WIPL) was established in 1996 by Mr. Bharat Shah and Mrs. Jyoti Shah. It is engaged in manufacturing of springs, wire forms and sheet metal components. It manufactures 8000 to 10,000 different types of springs. The company operated through its three manufacturing facilities at Vasai East and Andheri East in Mumbai and Chakan in Pune.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of WIPL.

Strengths

- **Experienced management and established track record of operations**

WIPL has established market for its products, since 1996. The key promoter, Mr. Bharat Shah, has an experience of more than two decades in the same line of business. The promoter's extensive experience is also reflected through the healthy revenue growth over last 3 years through 2017-19. The company's revenue grew at a CAGR of 9.80 per cent to Rs. 20.09 crore in FY2019 as against Rs.16.72 crore in FY2018. The company is well supported by second line of management. Further, the management of the company over the years has built a healthy relationship with its customers and suppliers. Acuite believes that the company will continue to benefit over the medium term through the promoter's extensive industry experience and established relations with its customers.

- **Reputed clientele and diversified product range**

WIPL has more than 8000 to 10,000 different types of springs to cater to the need of different industries such as Electrical and Switchgear Industries, Textile Industries, Oil Seals, Hardware, Furniture & Locks and Automobile to name a few. The company also caters to reputed customers from different industries, which includes Schneider Electric India Private Limited, Anchor Electricals Private Limited, Larsen & Tubro Limited and Godrej to name a few.

Weakness

- **Susceptibility to volatility in raw material prices**

The company purchases steel and its prices are highly volatile in nature. Hence, the margins of the company are susceptible to volatility in the raw material prices on account of its inability to pass on the increase in the price to its customers. Further, the company has to maintain adequate inventory in order to cater to the immediate demands of its customers. Hence, adverse fluctuations in metal prices can directly affect revenue.

- **Highly competitive industry**

WIPL operate in a highly competitive steel products industry with much pressure on capacity utilisation and pricing power. Besides, WIPL faces competition from other organised and unorganised players in the industry.

Liquidity Position: Not Applicable

Rating Sensitivity: Not Applicable

Material Covenants: Not Applicable

Outlook: Not Applicable

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	20.09	16.72	15.18
EBITDA	Rs. Cr.	3.75	3.61	3.32
PAT	Rs. Cr.	1.23	1.19	0.90
EBITDA Margin	(%)	18.68	21.60	21.90
PAT Margin	(%)	6.14	7.12	5.90
ROCE	(%)	14.65	16.00	16.53
Total Debt/Tangible Net Worth	Times	0.69	0.94	1.00
PBDIT/Interest	Times	3.40	3.50	2.61
Total Debt/PBDIT	Times	2.07	2.38	2.40
Gross Current Assets (Days)	Days	148	154	166

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>

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
27-Aug-2019	Cash Credit	Long Term	4.40	ACUITE BB / Stable (Reaffirmed)
	Term loans	Long Term	6.51	ACUITE BB / Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	2.09	ACUITE BB / Stable (Reaffirmed)
25-Oct-2018	Term Loan	Long Term	3.50	ACUITE BB / Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	4.80	ACUITE BB / Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	1.50	ACUITE BB / Stable (Reaffirmed)
	Cash Credit	Long Term	3.20	ACUITE BB / Stable (Reaffirmed)
19-Sep-2017	Cash Credit	Long Term	2.60	ACUITE BB (Indicative)
	Term Loan	Long Term	0.13	ACUITE BB (Indicative)
	Term Loan	Long Term	0.07	ACUITE BB (Indicative)

	Term Loan	Long Term	3.38	ACUITE BB (Indicative)
	Term Loan	Long Term	1.88	ACUITE BB (Indicative)
	Proposed Working Capital Term Loan	Long Term	1.94	ACUITE BB (Indicative)
16-June-2016	Cash Credit	Long Term	2.60	ACUITE BB / Stable (Assigned)
	Term Loan	Long Term	5.46	ACUITE BB / Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	1.94	ACUITE BB / Stable (Assigned)

*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	4.40	ACUITE BB (Withdrawn)
Term loans	Not Applicable	Not Applicable	Not Applicable	6.51	ACUITE BB (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	2.09	ACUITE BB (Withdrawn)

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About Acuité Ratings & Research:

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