

India Wire & General Mills Private Limited: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan Proposed	12.50	SMERA B/Stable (Assigned)
Bank Guarantee Proposed	6.60	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (read as SMERA B) and '**SMERA A4**' (read as SMERA A four) on the Rs.19.10 crore bank facilities of India Wire & general Mills Private Limited (India Wires). The outlook is '**Stable**'. The ratings are constrained by the large debt funded capex and delays in receipt of rental income. The ratings also take into account the small scale of operations and intense competition in the real estate industry. However, the ratings draw support from the experienced management and established track record of operations.

India Wires plans to renovate its existing facility at a total project cost of Rs.20.00 crore to be funded by a term loan of Rs.12.50 crore and the balance through promoters. The facility has been rented out to its group companies, Shri Durga Automobile and RTS Automobile. Any delays would place significant stress on the company's debt servicing ability. The company registered operating income of Rs.1.50 crore (provisional) in FY2015-16. The company has small scale of operations of Rs.1.38 crore in FY2014-15 against Rs.1.40 crore in FY2013-14. The profit after tax (PAT) of the company stood at Rs.2.19 crore in FY2014-15 against Rs.1.03 crore in the previous year. The networth of the company stood at Rs.10.19 crore in FY2014-15 against Rs.8.00 crore in FY2013-14. The company faces intense competition in the real estate industry.

Outlook-Stable

SMERA believes India Wires will maintain a stable outlook in the medium term. The outlook may be revised to 'Positive' in case of completion of the project as per schedule and regular receipt of rentals as envisaged. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Timely completion of the project
- Achievement of revenue as expected

About the Company

India Wires, established in 1995, is a Delhi-based company promoted by Mr. Ashish Singhania and Mr. Alok Singhania. The company is engaged in the real estate business and receives rental income from its property of 7089 sq yards at Delhi rented out to group companies M/s Shri Durga Automobile and M/s RTS Automobile.

For FY2014-15, the company reported profit after tax (PAT) of Rs.2.19 crore on operating income of Rs.1.38 crore, as compared with profit after tax (PAT) of Rs.1.03 crore on operating income of Rs.1.40 crore in FY2013-14. The net worth stood at Rs.10.19 crore as on March 31, 2015 against Rs.8.00 crore a year earlier.

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ABOUT SMERA

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