

## Press Release

### India Wire & General Mills Private Limited

21 May, 2018



### Rating Reaffirmed

<b>Total Bank Facilities Rated *</b>	Rs.19.10 cr.
<b>Long Term Rating</b>	SMERA B/ Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

# Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed long term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.19.10 crore bank facilities of India Wire & General Mills Private Limited. The outlook is '**Stable**'.

India Wire & General Mills Private Limited (IWGM) was incorporated in 1995 as private limited company by Mr. Ashish Singhania and Mr. Alok Singhania. The company is engaged in the business of lease rentals. The company has rental income from its own property given on rent to its group company name M/s Shri Durga Automobile and M/s RTS Automobile. Currently, IWGM has a 2-acre industrial property located at Rama Road (New Delhi) out of which only 50,000 Sq. Ft of land was built and now the company is building on the whole 2-acre of land.

### Key Rating Drivers

#### Strengths

##### **Experienced management and strong counterparty:**

IWGM was incorporated in the year 1995. The promoters of the company have more than two decades of experience in the same line of business. The company has lease agreement with Asian Paints Limited for a period of 9 years. Further, the property is located at a prime location of Delhi i.e Rama Road.

#### Weaknesses

##### **Project execution Risk:**

The company has undertaken a project to construct a building with double basement and two floors for an estimated cost of Rs.32.70 crore which will be funded by term loan from bank of Rs.12.50 crore and balance through promoters fund and internal accruals. Previously, IWGMPL has given its property on lease to its associate concern i.e M/S Shri Durga Automobile till July, 2017. From August 2017, the company has demolished the previous building and is constructing a new building in the same premises. The project is expected to be completed by September, 2019. Any significant delays in implementation of the project or achieving the commercial operations will impact the debt protection indicators. SMERA believes that timely completion of the project is critical to the credit profile of IWGM.

**Analytical Approach:**

SMERA has considered the standalone business and financial risk profiles of IWGM to arrive at the rating.

**Outlook: Stable**

SMERA believes that IWGM will maintain a 'Stable' credit profile over the near to medium term on the back of experienced management and the advanced stage of financial closure with promoters funds being already infused and the sanctions for the debt components being in place. The outlook may be revised to 'Positive' if IWGM commissions the project in time and exhibits higher than expected flow of orders. Conversely, the outlook may be revised to 'Negative' if there are further delays in commissioning of the project.

**About the Rated Entity - Key Financials**

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	1.38	1.38	1.38
EBITDA	Rs. Cr.	1.12	1.21	1.19
PAT	Rs. Cr.	0.83	0.83	2.19
EBITDA Margin	(%)	80.82	88.01	86.39
PAT Margin	(%)	60.10	60.09	158.74
ROCE	(%)	11.08	10.69	53.53
Total Debt/Tangible Net Worth	Times	-	-	0.01
PBDIT/Interest	Times	7.32	507.57	1482.57
Total Debt/PBDIT	Times	0.00	0.00	0.04
Gross Current Assets (Days)	Days	839	2133	854

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

None

**Any other information:**

SMERA is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

**Applicable Criteria**

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

**Note on complexity levels of the rated instrument**

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

**Rating History upto last three years:**

<b>Date</b>	<b>Name of Instrument / Facilities</b>	<b>Term</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings/Outlook</b>
30-Nov-2017	Proposed Term Loan	Long Term	12.50	SMERA B Issuer not co-operating*
	Proposed Bank Guarantee	Short Term	6.60	SMERA A4 Issuer not co-operating*
02-Sep-2016	Proposed Term Loan	Long Term	12.50	SMERA B / Stable (Assigned)
	Proposed Bank Guarantee	Short Term	6.60	SMERA A4 (Assigned)

\* Issuer not co-operating based on best available information

**\*Annexure - Details of instruments rated**

<b>Name of the Facilities</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. Crore)</b>	<b>Ratings</b>
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	12.50	SMERA B/Stable (Reaffirmed)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	6.60	SMERA A4 (Reaffirmed)

**Contacts:**

<b>Analytical</b>	<b>Rating Desk</b>
Suman Chowdhury, President -SMERA Bond Ratings Tel: 022-67141190 Email: <a href="mailto:suman.chowdhury@smera.in">suman.chowdhury@smera.in</a>	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>
Namita Palve, Analyst – Rating Operations Tel: 022-67141129 Email: <a href="mailto:namita.palve@smera.in">namita.palve@smera.in</a>	

## ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details please visit [www.smerra.in](http://www.smerra.in).

***Disclaimer:*** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smerra.in](http://www.smerra.in)) for the latest information on any instrument rated by SMERA.