



Press Release
India Wire and General Mills Private Limited.
January 09, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.42	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	23.42	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating at '**ACUITE BB+**' (read as **ACUITE double B plus**) on Rs.23.42 Cr bank facilities of India Wire and General Mills Private Limited (IWGMPL). The outlook is '**Stable**'.

Rationale for Reaffirmation

The reaffirmation of the rating takes into account company's stable operating performance led by long term lease contracts with reputed clientele. The ratings also factors in moderate financial risk profile and adequate liquidity position of the company. However, the rating is constrained by small scale, concentrated client base and intensive working capital nature of operations.

About the Company

Incorporated in the year 1949, India Wire & General Mills Private Limited (IWGMPL) is a private limited company engaged in the business of lease rentals. The company receives rental income from its property/warehouse rented to its clients. The Registered office of the company is in New Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of IWGMPL to arrive at the rating.

Key Rating Drivers

Strengths

Stable operating performance

The operating performance of the company remains stable with operating income of Rs. 9.64 Cr in FY23 as against Rs. 8.80 Cr in FY22, registering a 9.63% YoY growth. The operating margins

of the company remains healthy, despite a decline to 67.37% in FY23 as against 72.77% in FY22 due to increase in the administrative cost. In line with the EBITDA margins, the PAT margins of the company also witnessed a decline to 17.48% in FY23 from 19.65% in FY22. The company

has reported net sales and EBITDA of Rs. 4.94 Cr and Rs. 1.26 Cr respectively till September 2023.

Acuite believes that the operating revenue is expected to improve going ahead led by escalation clause and tenor of 3-6 years, thereby providing medium to long term revenue visibility.

Moderate financial risk profile

The financial risk profile of the company remains moderate marked by moderate net worth, low gearing, and moderate debt protection metrics. The tangible net worth of the company stood at Rs. 19.11 Cr in FY23 as against Rs. 17.58 Cr in FY22. The total debt of the company stood at Rs. 14.90 Cr in FY23 as against Rs. 18.04 Cr in FY22. With the reduction in the debt, the gearing of the company improved and stood below unity at 0.78 times in FY23 as against 1.03 times in FY22. The TOL/TNW improved to 1.02 times in FY23 as against 1.78 times in FY22. The debt protection metrics continues to remain moderate with debt service coverage ratio of 1.75 times in FY23 as against 0.86 times in FY22 and the interest coverage ratio stood at 4.46 times in FY23 as against 4.71 times in FY22.

Acuite believes that the financial risk profile is likely to remain healthy with no major capex plans in the near to medium term.

Weaknesses

High GCA days

The gross current assets days of the company stood high at 119 days in FY23 as against 88 days in FY22. The current assets mainly comprise of other receivables and recoveries. The company does not have any debtors or inventory balance as on March 31, 2023. Hence, the gross current asset is expected to remain at similar level in medium term.

Clientele concentration

The company derives major portion of revenue from Asian Paints Limited, which contribute to around 75% of total revenue for 64,500 sq. ft. (43% of total leasable area). Nevertheless, as per lease deed, the lease is valid till May 2028, thereby providing long term revenue visibility. Any discontinuation of lease by any client could impact revenue streams.

Rating Sensitivities

- Significant improvement in revenue along with increase in scale of operations
- Any elongation of the working capital cycle leading to deterioration in debt protection metrics and liquidity profile.

Liquidity Position Adequate

The company's liquidity is adequate, marked by sufficient net cash accruals against its matured debt obligations. The company generated net cash accruals of Rs. 4.50 Cr in FY23 against repayment obligations of Rs. 1.95 Cr during the same period. The cash and bank balance of the company stood at Rs. 0.66 Cr in FY23.

Acuite believes that liquidity position of the company will remain adequate over the medium term given the expected sufficient net cash accruals against its repayment obligations.

Outlook: Stable

Acuité believes that the outlook on IWAEGPL will remain 'Stable' over the medium term on account of growing occupancy level, resulting in increase in lease rental. The outlook may be

revised to 'Positive' in case of significant increase in lease rental than envisaged, long term lease contract with reputed clientele. Conversely, the outlook may be revised to 'Negative' in case of any decline in lease rentals.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	9.64	8.80
PAT	Rs. Cr.	1.69	1.73
PAT Margin	(%)	17.48	19.65
Total Debt/Tangible Net Worth	Times	0.78	1.03
PBDIT/Interest	Times	4.46	4.71

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-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Oct 2022	Bank Guarantee	Short Term	0.28	ACUITE A4+ (Reaffirmed)
	Term Loan	Long Term	7.39	ACUITE BB+ Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	6.21	ACUITE BB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	6.55	ACUITE A4+ (Reaffirmed)
	Term Loan	Long Term	0.99	ACUITE BB+ Stable (Reaffirmed)
	Bank Guarantee	Short Term	2.00	ACUITE A4+ (Reaffirmed)
16 Jul 2021	Bank Guarantee	Short Term	6.55	ACUITE A4+ (Upgraded from ACUITE A4)
	Term Loan	Long Term	2.00	ACUITE BB+ Stable (Upgraded from ACUITE B)
	Term Loan	Long Term	12.50	ACUITE BB+ Stable (Upgraded from ACUITE B)
	Proposed Bank Facility	Long Term	0.09	ACUITE BB+ (Upgraded from ACUITE B)
	Bank Guarantee	Short Term	6.55	ACUITE A4+ (Upgraded from ACUITE A4)
	Bank Guarantee	Short Term	0.28	ACUITE A4+ (Upgraded from ACUITE A4)
29 Jan 2021	Bank Guarantee	Short Term	0.28	ACUITE A4 (Issuer not co-operating*)
	Term Loan	Long Term	2.00	ACUITE B (Issuer not co-operating*)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Issuer not co-operating*)
	Bank Guarantee	Short Term	6.55	ACUITE A4 (Issuer not co-operating*)
	Proposed Bank Facility	Long Term	0.09	ACUITE B (Issuer not co-operating*)
	Term Loan	Long Term	12.50	ACUITE B (Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	9.03	ACUITE BB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.94	ACUITE BB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.84	ACUITE BB+ Stable Reaffirmed
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.61	ACUITE BB+ Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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