

Star Wire (India) Vidyut Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Fund Based working Capital	12.50	SMERA B-/Stable (Assigned)
Term Loan	35.50	SMERA B-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B-/Stable**' (**read as SMERA B minus**) to the above mentioned bank facilities of Star Wire (India) Vidyut Private Limited (SWIVPL). The outlook is '**Stable**'. The rating is constrained by the modest track record of operations and weak financial risk profile marked by net losses, high gearing and low coverage indicators. However, the rating derives comfort from the 20 year power purchase agreement with Haryana government.

SWIVPL's scale of operations is modest marked by operating income of Rs.44.43 crore in FY2016 (provisional) as compared to Rs.37.49 crore in FY2015. The weak financial risk profile is marked by high gearing (Debt-equity ratio) of 9.93 times in FY2016 (provisional) as compared to 9.70 times in the previous year. On account of high debt from Rural Electrification Corporation Limited and inter corporate borrowings, the company's interest coverage ratio (ICR) has been low at 1.19 times in FY2015-16 (provisional) as compared to (0.08) times in the previous year and low debt service coverage ratio (DSCR) of 0.48 times in FY2016 (Provisional) as compared to (0.05) times last financial year.

Outlook: Stable

SMERA believes that SWIVPL will maintain a stable outlook in the medium term owing to the established operations and long term power purchase agreement with Haryana government for 20 years. The outlook may be revised to 'Positive' in case of significant improvement in profitability while maintaining future cash flows. Conversely, the outlook may be revised to 'Negative' if the capital structure deteriorates and the company takes on large debt funded capex.

Rating Sensitivity Factors

- Improvement in profitability
- Movement in the capital structure

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

The New Delhi-based Star Wire was established in 1991. The company runs a 9.9MW biomass – based power plant in village Khurawata of Mahendragarh district, Haryana. SWIVPL was promoted by Mr. Varun Todi, Mr. Rishi Todi and Mrs. Archana Ajay Padia.

For FY2015-16 (Provisional), Star Wire reported net loss of Rs.0.39 crore on operating income of Rs.44.43 crore as compared with net loss of Rs. 10.25 crore on operating income of Rs37.49 crore for FY2014-15. The net worth stands at Rs.7.13 crore as on March 31, 2016 (Provisional) as compared with Rs.6.64 crore a year earlier.

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ABOUT SMERA

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