

Press Release

Star Wire (India) Vidyut Private Limited

August 16, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 48.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 48.00 crore bank facilities of Star wire (India) Vidyut Private Limited. The outlook is '**Stable**'.

The New Delhi-based Starwire India Vidyut Private Limited (SWIVPL) established in 1991 runs a 9.9MW biomass power plant in Khurawata village, Mahendargarh district, Haryana.

Key Rating Drivers

Strengths

- **Experienced management**

The company, incorporated in 1991 was promoted by Mr. Varun Todi and Mr. Ajay Surajprakash Padia. The promoters possess industry experience of more than two decades in power generation.

- **Comfortable working capital operations**

The working capital operations of SWIVPL are comfortable marked by Gross Current Asset (GCA) days of 95 for FY2017 (Provisionals) as compared to 153 for FY2016. The decrease in GCA is mainly on account of decrease in debtor days from 134 in FY2016 to 75 in FY2017 (Provisionals). The inventory days stood comfortable at 20 as on 31 March, 2017 (Provisionals). Further, the working capital utilisation has been ~90 percent for the last three months ending June, 2017.

Weaknesses

- **Weak financial risk profile**

The financial risk profile is weak marked by high gearing of 8.50 times as on 31 March, 2017 (Provisionals) compared to 9.09 times as on 31 March, 2016. The net worth stood low at Rs.6.92 crore as on 31 March, 2017 (Provisionals) as against Rs.7.13 crore in the previous year. The coverage indicator stood thin at 1.25 times for FY2017 (Provisionals) compared to 1.19 times in FY2016. The DSCR stood low at 0.91 times in FY2017 (Provisionals) and 0.75 times in FY2016. The NCA/TD stood at 0.03 times in FY2017 (Provisionals). Further, SMERA believes that the financial risk profile will remain weak in FY2018 due to high debt.

- **Moderate scale of operations**

SWIVPL has moderate scale of operations with revenue of Rs.42.95 crore for FY2017 (Provisionals) compared to Rs.44.43 crore for FY2016.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of SWIVPL.

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 larger debt funded capex.

About the Rated Entity - Key Financials

For FY2016-17 (Provisionals), SWIVPL reported net loss of Rs.0.12 crore on operating income of Rs.42.95 crore as against net loss of Rs.0.39 crore on operating income of Rs.44.43 crore for FY2015-16. The net worth stood at Rs.6.92 crore as on 31 March, 2017 (Provisionals) compared to Rs.7.13 crore a year earlier.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
21-Sep-2016	Fund Based Working Capital	Long Term	INR 12.5	SMERA B- / Stable
	Term Loan	Long Term	INR 35.5	SMERA B- / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Fund Based Working Capital	Not Applicable	Not Applicable	Not Applicable	12.50	SMERA B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	35.50	SMERA B- / Stable

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ABOUT SMERA

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