

January 7, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.50	SMERA BB/Stable (Assigned)
Bank Guarantee	17.50	SMERA A4+ (Assigned)

SMERA has assigned a rating of '**SMERA BB**' (read as **SMERA double B**) and **SMERA A4+** (read as **SMERA A four Plus**) to the Rs.20.00 crore bank facilities of Wig Brothers India Pvt. Ltd. (WBIPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, healthy order book position and low exposure to raw material price volatility. The ratings are further supported by the company's strong debt protection metrics. However, the ratings are constrained by the company's exposure to customer concentration risk and intense competition prevalent in the construction industry.

WBIPL, established in 1943, is a Faridabad-based company engaged in undertaking civil construction of residential and commercial projects. WBIPL benefits from its experienced management. Mr. Ashish Mohan Wig and Mr. Uday Mohan Wig, Directors of WBIPL, have over two decades of experience in civil construction. WBIPL has a strong order book position of ~Rs.100 crore, which provides healthy revenue visibility over the medium term. Moreover, the company maintains price escalation clause in most of its contracts, which mitigates raw material price volatility risk. WBIPL has strong debt protection metrics with low leverage at 0.38 times as on March 31, 2013 and healthy interest coverage ratio of 7.68 times in FY2012-13 (refers to financial year, April 01 to March 31).

WBIPL is exposed to customer concentration risk as it mainly caters two customers — Ansal Housing and Construction Limited and The 3C Company. Further, WBIPL faces intense competition from several small and large players in the construction industry.

Outlook: Stable

SMERA believes WBIPL's outlook will remain stable in the near term on the back of the company's healthy order book position. The outlook may be revised to 'Negative' in case of delays in project execution, which may lead to deterioration in the company's financial risk profile. Conversely, the outlook may be revised to 'Positive' in case the company generates larger-than-expected cash flows with successful sourcing and execution of large projects.

About the company

WBIPL was established as a partnership firm (named Wig Brothers) in 1943 and converted into a private limited company in 1996. WBCPL is engaged in undertaking civil construction of residential projects and commercial complexes. The company also undertakes structural projects in the industrial segment.

WBCPL is promoted by Mr. Ravi Wig, Mr. Ashish Wig and Mr. Uday Wig.

For FY2012-13, WBCPL reported PAT of Rs.0.72 crore on operating income of Rs.36.44 crore, as compared with PAT of Rs.0.62 crore on operating income of Rs.28.94 crore for FY2011-12. The company's net worth stood at Rs.4.41 crore as on March 31, 2013, as compared with Rs.3.70 crore a year earlier.

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