

July 06, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	1.00	SMERA BB/Stable (Assigned; Suspension revoked)
Bank Guarantee/ Inland Letter of Credit	12.50	SMERA A4+ (Assigned; Suspension revoked)

SMERA has revoked the suspension of rating on the bank facilities of Wig Brothers India Private Limited (WBIPL) and assigned a rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.1.00 crore long term (fund based) bank facility and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.12.50 crore short term (non-fund based) bank facility. The outlook is '**Stable**'. SMERA had, on April 13, 2015 suspended the rating for lack of necessary information from WBIPL. The company has now shared the requisite information, enabling SMERA to assign a rating to the bank facilities.

The ratings draw support from an experienced management, healthy financial risk profile and moderate utilization of bank limits. However, the ratings are constrained by deterioration in the operating income, stretched working capital cycle and high dependence on tender-based orders.

WBIPL, incorporated in 1996 is a Haryana-based company that undertakes construction activities in the residential, commercial and industrial segments. The company is headed by Mr. Ashish Mohan Wig, who has more than 20 years of experience in the company's line of business. The company's healthy financial risk profile is evident from low leverage (debt-equity ratio) of 0.09 times (provisional) in FY2014-15 (refers to financial year, April 01 to March 31) against 0.20 times in FY2013-14 and interest coverage ratio of 5.82 times (provisional) in FY2014-15. The company's total debt of Rs.3.54 crore (as on March 31, 2015) includes non-interest bearing unsecured loans of Rs.2.84 crore from promoters, friends and relatives that are subordinated to bank debt. SMERA has treated such unsecured loans as quasi equity, which transform into 58 per cent of utilization of fund based limits.

WBIPL's operating income declined to Rs.13.17 crore (provisional) in FY2014-15 from Rs.25.53 crore in FY2013-14. The company's operations are working capital-intensive evident from gross current assets (GCA) of 395 days with inventory holding of 137 days and collection period of 146 days (provisional) in FY2014-15. WBIPL is highly dependent on tender-based orders floated by government and private players.

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Outlook: Stable

SMERA believes WBIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers significant and sustained improvement in operating income while maintaining its profitability margins and leverage. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the company's revenue profile, lengthening of working capital cycle or debt funded capital expansion.

About the Company

WBIPL, incorporated in 1996, is a Haryana based company that undertakes construction activities in the residential, commercial and industrial segments.

For FY2013-14, WBIPL reported (profit after tax) PAT of Rs.0.14 crore on operating income of Rs.25.53 crore as compared with PAT of Rs.0.72 crore on operating income of Rs.36.77 crore for FY2012-13. For FY2014-15, the company reported PAT of Rs.0.19 crore (provisional) on operating income of Rs.13.17 crore (provisional). The company's net worth stands at Rs.7.59 (provisional) crore as on March 31, 2015 as compared with Rs.4.93 crore a year earlier.

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