Rating Rationale

Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities aggregating ₹12.60 Cr of Wyan Industries Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for the Bank Loan Facilities of Wyan Industries Pvt. Ltd *('WIPL' or the 'Company'):*

Facility	Limits (₹ Cr)	Tenure	Rating[1]
Fund Based: Term Loans	**5.83**	**Long Term**	**BWR B +** (Pronounced as BWR Single B Plus) **Outlook - Stable**
WCTL	**0.77**		
Cash Credit	**6.00**		
Total	**12.60**	**(INR Twelve Crores and Sixty Lakhs only)**	

BWR has principally relied upon the audited financial statements upto FY14, projected financials up to FY16, publicly available information and information/clarifications provided by the company's management.

The ratings reflect the extensive industry experience of the promoters in the aluminium die castings industry and increased operating capacity due to the commissioning of the new plant. The ratings are, however, constrained by the decline in revenues during FY14, significant component of trading income in overall revenues, susceptibility of performance to economic cycles and growth of the automobile industry, below average financial risk profile marked by low profitability, high gearing level, deteriorating liquidity and weak debt protection metrics, major debt funded capex during the current financial year and the working capital intensive nature of operations.

Background:

Originally established as MRA Metals Private Ltd (MMPL) in 2004 in Sonepat, Haryana the company was subsequently renamed as Wyan Industries Pvt. Ltd in August 2013. WIPL is engaged in the trading of rice & plastic waste and manufacture of aluminum die cast components for various automotive applications. WIPL is a Tier II supplier to auto component manufacturers such as Rico Auto Industries Ltd, Rico Casting Ltd, Sona Koyo Steering Systems Ltd etc. The installed capacity of the alloy plant is 5000 Metric tons per annum (MTPA) & castings plant is 6.5 million shots per annum.

WIPL is also setting up a new unit close to its existing facility with an installed capacity of 5000 MTPA. The company expects commercial production to commence in Feb 2015. The main raw materials required are Scrap, Aluminum Ingots, Ferro Alloys and other materials which are easily available in the local market of Faridabad.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

WIPL has two associate concerns – M/s Kamal International and M/s Kamal Trading Company engaged in trading of plastic scrap, rice, steel scrap etc.

Management Profile:

WIPL is a family owned business. The key promoters are Mr. Som Nath Aggarwal and his son, Mr. Sahil Aggarwal. Mr. Som Nath Aggarwal looks after the overall operations of the Company and his son, Mr. Sahil Aggarwal handles the marketing and administration of the Company.

Financial Performance:

Net Sales decreased by around 23.05% from ₹ 69.36 Cr in FY13 to ₹ 52.62 Cr in FY14. Trading business contributed around 51% of the total revenues generated during FY14. WIPL reported PAT of ₹0.54 Cr in FY14 as against ₹0.52 Cr in FY13. Tangible net worth stood at ₹6.68 Cr as on March 31 2014 as compared to ₹6.72 Cr as on March 31, 2013.

Rating Outlook

The outlook is expected to be stable over the current year. Going forward the ability of the Company to ensure timely debt servicing, increase its revenue and profitability, improve its overall financial risk profile and improve its collection efficiency would be the key rating sensitivities.

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