



## Press Release

### Westwell Iron & Steel Private Limited

October 21, 2023

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities	27.46 (reduced from Rs. 30.58 crore)	IVR BBB-/ Stable (IVR Triple B minus with Stable outlook)	Reaffirmed	Simple
Short term Bank Facilities	17.00	IVR A3 (IVR A three)	Reaffirmed	Simple
<b>Total</b>	<b>44.46</b> <b>(INR forty four crore and forty six lacs only)</b>			

**Details of Facilities are in Annexure 1**

#### Detailed Rationale

The reaffirmation in the ratings assigned to the bank facilities of Westwell Iron & Steel Limited considers stable financial performance since last two fiscal years, comfortable gearing coupled by improvement in debt protection metrics, the company's focus on the toll collection business indicating revenue visibility. Further, the ratings continue to derive comfort from extensive experience of its promoters in both stone crushing and toll collection business. However, these rating strengths continues to remain partially offset by increase in the corporate guarantee extended to Westwell Biorefineries Private Limited, uncertainty regarding renewal of contract for toll collection, risk associated with toll collection projects, tender driven nature of operation.

#### Key Rating Sensitivities:

#### Upward Factors

- Growth in scale of operations with improvement in profitability on a sustained basis
- Sustenance of the capital structure and improvement in debt protection metrics
- Improvement in cash conversion cycle in stone crushing business

#### Downward Factors



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- Moderation in the capital structure with deterioration in overall gearing to more than 1.50x
- Discontinuance of tender for toll collection
- Any liability arising out of corporate guarantee extended to group company
- Further elongation of operating cycle with deterioration in liquidity

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoter with long track record**

Westwell is promoted by Mr. Prashant Jaiswal and Mr. Rajesh Kumar Prasad who have decade long experience in stone crushing activity and also considerable experience in toll collection for NHAI. They are actively involved in managing the affairs of the company along with the support of the other Director - Mr. Vikash Kumar Agrawal and Mr Manish Agarwal who also have adequate experience in the sector. The company has a team of experienced and qualified professionals who look after the day-to-day operations of the company under the guidance of the promoter directors.

- **Diversified business operation with focus on toll collection**

The company is engaged in toll collection and stone crushing business. The revenue from the toll collection business and stone crushing stood at Rs. 118.52 crore and Rs.37.87 crore in FY2022 respectively. The company has increased its focus on toll collection which is evident from the increase in the revenues from the toll collection to Rs. 148.87 crore in FY2023. The management's focus would continue to remain the toll collection business in the future as well.

- **Stable financial performance since last two fiscal years**

Topline of the company increased to Rs. 213.61 crore in FY23 from Rs.156.39 crore with a y-o-y growth of 37%, though toll collection segment share decreased to ~70% of the total TOI in FY23 from 76% in FY22, revenue from stone crushing unit increased to 30% in FY23 from ~24% in FY22. EBIDTA margin declined to 3.59% in FY23 from 5.22% in FY22 due to rise in raw material cost as the activities from stone crushing increased and increase in the equipment hiring charges and marketing expenses. However, PAT margin increased 1.43%



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in FY23 from 0.89% in FY22 due to reduction in the interest expenses with the decrease in total debt.

- **Comfortable gearing and debt protection metrics**

The capital structure of the of the company remains comfortable marked by overall gearing ratio at 0.57x as on March 31, 2023 (prov.) which improved from 0.73x as on March 31, 2022. Total indebtedness of the company improved to 0.69x as on March 31, 2023 from 0.88x as on March 31,2022 on account of accretion of profit and reduction in Term Loan. Debt protection metrics of the company remained comfortable with improvement in interest coverage ratio at 2.57x in FY23 from 1.94x in FY22. Total debt to GCA improved to 6.83x in FY23 from 9.97x in FY22. DSCR remained comfortable at 1.10x in FY23.

### Key Rating Weaknesses

- **Increase in the corporate guarantee extended to Westwell Biorefineries Private Limited**

The company has exposure to Corporate Guarantees of Rs. 180.00 crore as on March 31, 2023 (provisional), which has increased from Rs. 99.00 crore as on March 31, 2022. The bank facilities of Westwell Biorefineries Private Limited (WBPL) are backed by a corporate guarantee from WISPL along with three other companies jointly and severally. Hence, the credit risk profile of WISPL is exposed to the performance of WBPL. Furthermore, the amount of corporate has been extended in FY23 that will be valid till the tenure of the loan.

- **Uncertainty regarding renewal of contract for toll collection**

The tender for toll collection generally remains valid for a period of three months to one year and a new tender is obtained through bidding process. Therefore, the renewal of the tender remains uncertain. The contract for toll collection from Janasanpur toll plaza expired in July 2022 and currently the company is operating with only two toll contract at Ghangari, Putri and Jharpokharia which is subject to renewal next year.

- **General risks associated with toll-based road projects**

With major part of cash outflow being fixed in the form of royalty payments to NHAI, the cashflows of the company remain sensitive to traffic growth, traffic composition, traffic diversion to alternative routes, etc. Further, the company's cashflows also remain exposed to



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risks arising out of changes in government policies, local issues in the vicinity of toll plazas and political / local resistance towards toll payments. Any adverse variation in any of these parameters may impact the debt servicing ability of the company.

- **Tender driven nature of operation**

In contract for toll collection, presence of various organized and unorganized players could depress margins.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Financial Sector/Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

**Liquidity –Adequate**

The liquidity position of the company is expected to remain adequate in the near to medium as the company is expected to earn adequate level of GCA in the range of Rs.6.00 crore to 7.32 crore during the projected period FY24 to FY26 vis-à-vis its debt repayment obligation of ~Rs.3.5 crore in each projected years from FY24 to FY26. Further, the company has above unity current ratio which stood at 2.01 as on March 31, 2023 (prov.). Although the average working capital utilisation remained high at ~80% for the past 12 months ended June 2023. Further the absence of capex imparts comfort.

**About the Company**

Westwell Iron & Steel Private Limited (WWISPL) ventured into automatic crusher for crushing of stone chips from March 2009 onwards. The company had established a 400 TPH crusher unit at Rajgram, West Bengal, having a capacity to produce 50,000 tonnes of stone chips per month. The company has taken a mining lease (Kanupur Mines, Mangal Mines and Gopalpur Mines) in Jharkhand area which is 4 km away from the crusher unit / railway siding. Apart from the stone crushing activity, Westwell is also engaged in collection of toll and has entered into an operations and maintenance contract for a toll plaza in



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Jharkhand – Ghanghari Toll Plaza and Odisha – Janasanpur Toll Plaza. Until March 2013, Westwell was engaged in the iron ore crushing and trading segments.

### Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31.03.2022	31.03.2023
	Audited	Provisional
Total Income	156.39	213.61
EBIDTA	8.16	7.66
PAT	-2.36	-5.37
Total Debt	125.06	173.84
Tangible Net Worth	48.97	43.61
Adjusted Tangible Net Worth	45.53	38.00
EBDITA Margin (%)	5.22	3.59
PAT Margin (%)	-1.51	-2.50
Overall Gearing Ratio (x)	2.55	3.99

\*Classification as per Infomerics' standards

### Status of non-cooperation with previous CRA:

CRISIL Ratings has reviewed its rating under "Issuer Non-Cooperating" category vide the Press Release dated August 23, 2022, as the company did not provide the requisite information needed to conduct the rating exercise.

India Ratings has moved the rating of WWISPL into the Issuer Non-Cooperating category as the company did not co-operate in the rating procedure despite repeated follow ups as per the Press Release dated September 12, 2023.

Any other information: Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Fa	Current Ratings (Year 2023-24)	Rating History for the past 3 years
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	Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (July 29, 2022)	Date(s) & Rating(s) assigned in 2021-22 (February 21, 2022)	Date(s) & Rating(s) assigned in 2020-21 (November 25, 2020)
1.	Working Capital Term Loan	Long Term	1.51	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+; Issuer Not Cooperating*	IVR BBB- / Negative Outlook
2.	WCTL GECL	Long Term	2.36	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
3.	GECL	Long Term	2.59	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
4.	Cash Credit	Long Term	9.00^	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+; Issuer Not Cooperating*	IVR BBB- / Negative Outlook
5.	Proposed – Cash Credit	Long Term	-	-	IVR BBB-/ Stable	-	-
6.	Overdraft	Long Term	12.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR A4+; Issuer Not Cooperating*	IVR A3
7.	Proposed – Overdraft	Long Term	-	-	IVR BBB-/ Stable	-	-
8.	Bank Guarantee	Long Term	17.00	IVR A3	IVR A3	IVR A4+; Issuer Not Cooperating*	IVR A3

^ One way interchangeability of Cash Credit to Bank Guarantee of Rs. 2.00 crore

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics



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commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Working Capital Term Loan	-	-	July 2024	1.51	IVR BBB- /Stable
WCTL GECL	-	-	July 2024	2.36	IVR BBB- /Stable
GECL	-	-	July 2024	2.59	IVR BBB- /Stable



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Cash Credit	-	-	-	9.00 <sup>^</sup>	IVR BBB- /Stable
Overdraft	-	-	-	12.00	IVR BBB- /Stable
Bank Guarantee – 1	-	-	-	2.00	IVR A3
Bank Guarantee – 2	-	-	-	15.00	IVR A3

<sup>^</sup> One way interchangeability of Cash Credit to Bank Guarantee of Rs. 2.00 crore

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-westwell-oct23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).