

**Press Release****Westwell Iron & Steel Private Limited****September 26, 2018****Rating**

<b>Instrument / Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>
Long Term Bank Facilities – Cash Credit	5.50	IVR BBB- / Stable Outlook (IVR Triple B minus with Stable Outlook)	Assigned
Short Term Bank Facilities – Bank Guarantee	19.50 (including proposed of Rs.1.50 crore)	IVR A3 (IVR A Three)	Assigned
<b>Total</b>	<b>25.00</b>		

**Details of Facilities are in Annexure 1****Detailed Rationale**

The aforesaid rating derives comfort from its experienced promoters, comfortable gearing and debt protection metrics. Growth in operations in FY18 also support the rating. However, the rating is constrained by uncertainty regarding renewal of contract for toll collection, modest scale of operations and general risks associated with toll-based road projects. Sustainability of operation, profitability and working capital management are the key rating sensitivities.

**List of Key Rating Drivers**

- Experienced promoter with long track record
- Comfortable gearing and debt protection metrics
- Growth in operations in FY18
- Uncertainty regarding renewal of contract for toll collection
- Modest scale of operations
- General risks associated with toll-based road projects

## Detailed Description of Key Rating Drivers

### Key Rating Strengths

#### Experienced promoter with long track record

Westwell Iron & Steel Private Limited (WWISPL), a group company of the Westwell Group, ventured into crushing of stone chips from March 2009 onwards. Apart from the stone crushing activity, Westwell is also engaged in collection of tolls for National Highway Authority of India (NHAI), being the major revenue earner currently, since November, 2011. The promoters of the company Mr. Prashant Jaiswal, Mr. Pranay Jaiswal and Mr. Rajesh Kumar Prasad have decade long experience in stone crushing activity and also considerable experience in toll collection for NHAI. They are actively involved in the day-to-day operations of the company.

#### Comfortable gearing and debt protection metrics

The debt protection metrics for the company are comfortable as on March 31, 2018 with the interest coverage ratio and overall gearing ratio standing at 7.06x and 0.27x, respectively, as compared to 7.14x and 0.30x as on March 31, 2017. Long term debt equity ratio and Total Debt to Gross Cash Accruals as on March 31, 2018 stood at 0.16x and 1.96x respectively.

#### Growth in operations in FY18

The company obtained a new tender for toll collection at Sosokhurd Toll Plaza from NHAI on November 24, 2017. Further, there is an increase in volume sales of stone chips on the back of increase in domestic demand.

The total growth in Gross Revenue has been on the increasing trend (i.e., 54.88% in FY16 and 1.57% FY17 and about 39.45%) in FY 18 mainly on account of obtaining new tender for toll collection and increase in volume sales of stone chips.

### **Key Rating Weaknesses**

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

The tender for toll collection generally remains valid for a period of one year. Therefore, the renewal of the tender remains uncertain. However, the existing toll collection contract has been continuing for seven years.

#### **Modest scale of operations**

The company's sales expanded by ~40% during FY18, aided mainly by spurt in toll collection income. However, the scale of operations remains moderate at ~Rs142 crore in FY18.

#### **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 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.

### **Analytical Approach & Applicable Criteria:**

Rating Methodology for Toll Companies

Financial Ratios & Interpretation (Non-financial Sector)

#### **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

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for National Highway Authority of India, being the major revenue earner currently, since November, 2011. At present, the company is engaged in toll collection from Rasoiyadhamna Toll Plaza at Km. 320 of NH2 and Sosokhurd Toll Plaza at km. 53.74 of NH23, both in the state of Jharkhand.

### Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2017	31-03-2018
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	101.72	141.85
EBITDA	6.50	7.81
PAT	2.71	3.43
Total Debt	10.85	10.51
Tangible Net worth	35.84	39.27
EBITDA Margin (%)	6.39	5.50
PAT Margin (%)	2.65	2.40
Overall Gearing Ratio (x)	0.30	0.27

\*Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits - Cash Credit	Long Term	5.50	IVR BBB- / Stable Outlook	-	-	-
2.	Short Term Non Fund Based Limits - Bank Guarantee	Short Term	19.50 (including proposed of Rs.1.50 crore)	IVR A3	-	-	-

**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).

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### **About Infomerics:**

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**Annexure 1: Details of Facilities**

<b>Name of Facility</b>	<b>Date of Issuance</b>	<b>Coupon Rate/ IRR</b>	<b>Maturity Date</b>	<b>Size of Facility (Rs. Crore)</b>	<b>Rating Assigned/ Outlook</b>
Long Term Bank Facilities – Cash Credit	-	-	-	5.50	IVR BBB- / Stable Outlook
Short Term Bank Facilities – Bank Guarantee	-	-	-	19.50 (including proposed of Rs.1.50 crore)	IVR A3