

Ishwar Metal Industries

October 07, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	31.00	CARE B+; Stable	Upgraded from CARE B-; Stable
Short Term Bank Facilities	22.19	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to bank facilities of Ishwar Metal Industries (IMI) takes into consideration improved scale of operations during FY24 (Audited, FY refers to period April 01 to March 31). The ratings continue to derive strength from vast experience of partners in business.

The ratings continue to remain constrained on account of moderate profitability, capital structure and weak debt coverage indicators, fragmented nature of industry with tender-based nature of operations, partnership nature of constitution and stretched liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations marked by Total Operating Income (TOI) above Rs. 150 crore and sustaining PBILDT margin above 9%.
- Improvement in liquidity position marked by operating cycle below 120 days

Negative factors

- Any further elongation in operating cycle or decline in cash accruals leading to liquidity crunch.
- Deterioration in capital structure marked by capital structure below 2.50 times

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that entity will sustain its overall financial risk profile and continue to benefit from experience of promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate profitability margins

The profitability remained moderate marked by PBILDT margin at 9.06% in FY24 as against 11.48% in FY23. However, owing to improvement in scale of operations coupled with stable interest expense and depreciation, PAT margins increased to 1.65% in FY24 as against 0.47% in FY23.

Moderate capital structure and weak debt coverage indicators

Capital structure of IMI improved but continued to remain moderate marked by overall gearing of 1.40 times as on March 31, 2024, as against 1.59 times as on March 31, 2023 owing lower outstanding working capital limits as on balance sheet date. Debt coverage indicators improved although continued to remain weak marked by total debt to gross cash accruals (TDGCA) and interest coverage ratio of 19.76 times and 1.49 times during FY24 as against 53.58 times and 1.15 times during FY23 respectively.

Fragmented nature of industry with tender-based nature of operations

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The power infrastructure sector in India is fragmented with a large number of small and mid-sized players. This coupled with tendering process in order procurement results in intense competition within the industry, fluctuating revenues and restrictions in profitability. Additionally, continued increase in execution challenges including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players including downstream players such as IMI.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Partnership nature of constitution

Being a partnership firm, IMI is exposed to inherent risk of partners' capital being withdrawn at time of personal contingency, and firm being dissolved upon the death/retirement/insolvency of partners which may affect financial flexibility of the firm.

Key strengths

Improved scale of operations during FY24

The scale of operations improved marked by TOI of Rs.100.54 crores in FY24 as against Rs.60.11 crores in FY23 due to higher orders executed majorly awarded by Jodhpur Vidhyut Vitran Nigam Limited (JVVNL). IMI executes turnkey projects for power transmission and distribution and supplies manufactured armoured and unarmoured cables, aluminium wires, conductors etc. for projects.

Vast experience of partners in business

Ishwar group was started with IMI in 1992. The firm has long and established track record of operations in manufacturing aluminium wires, cables, energy meters and other products used by power industry. Mr. Shrichand Sagar is managing partner who has more than four decades of experience in the industry. Further, Mr. Rahul Choudhary is Chief Executive Officer and is a management graduate and has more than a decade's experience in the industry. He looks after day-to-day operations of the firm.

Liquidity: Stretched

The liquidity position of IMI remained stretched during FY24 marked by tightly matched cash accruals of 2.18 crores as against debt repayment obligation of ~Rs.1.50 crores in FY25. Average working capital utilization remained at 96% during the last 6 months ended August 2024. The operating cycle, though improved, remained elongated at 162 days in FY24 as against 264 days in FY23. Net cash flow from operations remained at Rs.15.82 crores in FY24 as against Rs.14.17 crores in FY23. However, cash and balance stood at Rs.2.02 crore as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Cables - Electricals

Jaipur (Rajasthan)-based Ishwar Metal Industries (IMI) was formed as partnership concern in 1992 by Mr. Shrichand Sagar and his family members. IMI is engaged in manufacturing of aluminum wires, energy meters, cables and conductors as well as trading of general fabrication items used for power distribution and transmission lines. It also executes turnkey projects related to Transmission and Distribution (T&D) segment of power industry majorly for Jaipur Vidyut Vitran Nigam Limited (JVVNL).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	60.11	100.54
PBILDT	6.90	9.11
PAT	0.28	1.66
Overall gearing (times)	1.59	1.40
Interest coverage (times)	1.15	1.49

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

ICRA has continued the rating assigned to the bank facilities of RCL into Issuer Not Cooperating category vide press release dated June 14, 2024, on account of its inability to carry out a review in the absence of the requisite information from the entity.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	31.00	CARE B+; Stable
Non-fund-based - ST-BG/LC		-	-	-	22.19	CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	31.00	CARE B+; Stable	-	1)CARE B-; Stable (14-Sep-23)	1)CARE D (28-Jul-22)	1)CARE D; ISSUER NOT COOPERATING* (28-Dec-21)
2	Non-fund-based - ST-BG/LC	ST	22.19	CARE A4	-	1)CARE A4 (14-Sep-23)	1)CARE D / CARE D (28-Jul-22)	1)CARE D / CARE D; ISSUER NOT COOPERATING* (28-Dec-21)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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