



## Press Release

### Wires and Fabriks (S.A.) Limited

May 16, 2025

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long term Bank Facilities	134.21 (Reduced from Rs. 137.55 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	Simple
Short term Bank Facilities	2.90	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Reaffirmed	Simple
<b>Total</b>		<b>137.11</b> <b>(Rupees One Hundred and Thirty-Seven Crore and Eleven Lakhs only)</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the long-term and short-term bank facilities of Wires and Fabriks (S.A.) Limited (WFL). The reaffirmation of ratings takes into consideration long track record of operations and established relationship with customers and suppliers, moderate financial risk profile and presence in the niche segment with strong association with leading paper manufacturers. The rating is however constrained due to vulnerability of profitability to adverse fluctuation in raw material prices and working capital intensive nature of operations.

The Stable outlook is assigned due to extensive experience of the promoters and management team along with long track record of operations in the industry.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial growth in scale of operations with improvement in profitability



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- Sustenance of capital structure and improvement in debt protection metrics.

### **Downward Factors**

- Sustained moderation in operating revenue.
- Elongation in the operating cycle impacting the liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

#### **Long Track record of operations and established relationship with customers and suppliers**

The company has established track record of more than five decades in manufacturing forming fabric which finds application in filtration and drying process in paper manufacturing. Incorporated in 1957, it started its commercial operations at the manufacturing facility located at Jhotwara, Jaipur (Rajasthan) in 1963. Long standing presence in the industry has helped the Company establish relationship with customers and suppliers. The consistent drive to build the brand all these years has helped the company to create a unique place in the market.

#### **Moderate scale of operations and profitability**

The total operating income of the company remained largely stable in FY24 (FY refers to period from April 1 to March 31) at Rs. 108.60 crore and registered a negligible y-o-y growth of about 0.28% after registering an improvement of over 13% in FY23 on back of improved capacity and execution of work orders. In FY24, the company had planned capex for enhancement and modernization of the existing facility which impacted sales during the year.

The EBIDTA margins of the company witnessed marginal contraction of about 27 basis points in FY24 on a y-o-y basis after registering a notable growth of about 470 basis points in FY23 led by lower realizations. However, it stood moderate at 16.91% during FY24 vis-à-vis 17.18% in FY23. However, PAT margins improved to 1.37% in FY24 vis-à-vis 1.23% in FY23 led by lower tax outgo during the year.

#### **Moderate capital structure with debt protection metrics**



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The capital structure of the company remained moderate reflected by Total Outside Liabilities/Tangible Net worth at 2.16x as on March 31, 2024 (March 31, 2023: 2.14x) and the overall gearing ratio also stood at 1.71x as on March 31, 2024 (March 31, 2023: 1.56x). Further, debt protection metrics stood moderate at above unity throughout review period, indicated by DSCR and interest coverage ratios of 1.70 times and 3.01 times, respectively, as on March 31, 2024.

### **Presence in the niche segment with strong association with leading paper manufacturers**

The company manufactures forming fabrics (technical textiles) which is one of the critical inputs in the paper manufacturing process. It is one of the largest domestic players in manufacturing of technical textiles for Indian paper industry. Accredited with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 certification and a Government of India recognized R&D facility, WFL has a major market share in forming fabric in domestic market and mainly faces competition from imports. WFL has been associated with its customers since long and has been continuously providing customized products as per their requirements. Although WFL has major market share in the domestic market, its scale of operations are modest due to its presence in niche Indian paper machine clothing segment. The growth of WFL is limited by the demand of its products from the paper industry.

### **Key Rating Weaknesses**

#### **Vulnerability of profitability to adverse fluctuation in raw material prices**

As a large share of the raw materials for the manufacturing are imported (~88-90% during FY23 and FY24), the profitability of the company remains exposed to fluctuations in raw material prices. However, the risk is mitigated to some extent given the relatively short cycle from order to delivery. Although, the profitability indicators remain exposed to volatility and linkage between price movement of raw material used in production.

#### **Working capital intensive nature of operations:**

The company's operations are working capital intensive in nature as reflected by its Operating cycle (days) of around 181 days as on March 31, 2024 as against 152 days in FY23. Company



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maintains an average inventory of around two months for smooth running of operations. Further, the company is required to manufacture a prescribed economic batch size irrespective of the order size thereby leading to increased finished goods inventory. The average collection period (days) also remains high at 78 days as on March 31, 2024, however improving from 123 days and 98 days in FY21 and FY22. The collection days are higher as portion of the payment is withheld for some duration after the execution of the orders until trial period. This has led to higher reliance on debt borrowings.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity - Adequate**

The liquidity position is adequate as reflected from the comfortable current ratio at 1.35x as on March 31, 2024. Company's operations continue to remain highly working capital intensive as demonstrated by elongated operating cycle of 181 days in FY24. Despite long operating cycle, the liquidity position of the company has remained adequate marked by ~67% average utilization of fund based working capital limits for the past twelve months ended February 2025.

### **About the Company**

Wires and Fabriks (S.A) Limited (WFL) was established in 1957, as a Private limited Company by Khaitan family and WFL's operations are managed by Mr. K. K. Khaitan and Mr. M. Khaitan. WFL is mainly engaged in manufacturing of full range of Forming Fabrics and Woven Dryer Screens commonly known as paper machine clothing and technical textiles. The Company is having 5 windmills with total capacity of 3.85 MW situated at Jaisalmer, Rajasthan. It has Power Purchase agreements with respective distribution companies (DISCOMS) of State Government of Rajasthan.



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### Financials (Standalone):

(Rs. crore)

For the year ended/ As On*	31-3-2023 (Audited)	31-3-2024 (Audited)
Total Operating Income	108.30	108.60
EBITDA	18.60	18.36
PAT	1.34	1.49
Total Debt	73.69	83.65
Tangible Net Worth	47.37	48.85
EBITDA Margin (%)	17.18	16.91
PAT Margin (%)	1.23	1.37
Overall Gearing Ratio (x)	1.56	1.71
Interest Coverage (x)	3.31	3.01

\* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date (April 16, 2024)	Date (Jan 12, 2024)	Date (May 22, 2023)
1.	Long term Bank Facilities	Long Term	134.21 (Reduced from Rs. 137.55 crore)	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable	IVR BBB / Stable
2.	Short term Bank Facilities	Short Term	2.90	IVR A3+	IVR A3+	IVR A3+	IVR A3+

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### About Infomerics:

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

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term loan	-	-	Upto June 2031	98.87	IVR BBB/ Stable
Cash Credit	-	-	Revolving	35.34	IVR BBB/ Stable
LC/BG	-	-	-	2.90	IVR A3+



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**Annexure 2: Facility wise lender details:**

[www.infomerics.com/admin/prfiles/len-WiresFabriks-may25.pdf](http://www.infomerics.com/admin/prfiles/len-WiresFabriks-may25.pdf)

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

Name of the Security		Detailed Explanation
	<b>Financial Covenant</b>	
	i.	
	ii.	
	<b>Non-financial Covenant</b>	
	i.	
	ii.	

**Annexure 4: List of companies considered for consolidated/Combined analysis:** 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).