

Wildcraft India Private Limited

April 06, 2018

Summary of rated instruments

Instrument*	Previously Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based facilities	10.0	10.0	Revised to [ICRA]BBB+ (Stable) from [ICRA]A- (Stable); Ratings Withdrawn
Long-term/Short-term – Fund based / Non-fund based Interchangeable facilities	35.0	35.0	Revised to [ICRA]BBB+ (Stable)/ A2 from [ICRA]A- (Stable)/A2+; Ratings Withdrawn
Short-term Fund based facilities	35.0	35.0	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn
Short-term Non-fund based facilities	10.0	10.0	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn
Total	90.00	90.00	

*Instrument details in Annexure - I

Rating action

ICRA has revised the long-term ratings outstanding on the Rs. 10.0. crore fund based limits and the Rs.35.0 crore long-term/short-term – fund based/non-fund based interchangeable facilities of Wildcraft India Private Limited (WIPL / the company) to [ICRA]BBB+ (pronounced ICRA triple B plus) from [ICRA]A- (pronounced ICRA A minus) while simultaneously withdrawing the same. The outlook on the long term rating is Stable. ICRA has also revised the short-term rating outstanding on the Rs.35.0 crore fund based facilities, the Rs.10.0 crore non-fund based facilities and the Rs.35 crore long-term/short-term – fund based/non-fund based interchangeable facilities of the company to [ICRA]A2 (pronounced ICRA A two) from [ICRA]A2+ (pronounced ICRA A two plus) while simultaneously withdrawing the same. This withdrawal is at the request of the company and on receipt of no-objection letters from the banks in accordance with ICRA's policy on withdrawal and suspension.

Rationale

The revision in ratings follows WIPL's weaker than expected performance during FY2017 in addition to its weak operating performance during 9M FY2018 wherein it witnessed OPM contraction to 0.5% as against 3.4% during FY2016 and 1.7% during FY2017 primarily on account of continued investments in marketing and selling expenses. While demonetization affected the volumes and margins of the company to a certain extent during FY2017, relatively higher employee and rental expenses affected the company's operating margins. ICRA also notes that WIPL's working capital intensity continues to remain high on account of stretched receivable position in addition to relatively high inventory requirements inherent to its nature of business. Decline in operating margins, high working capital intensity and the consequent interest costs have resulted in the company continuing to report net losses during FY2016, FY2017 and 9M FY2018. Even while the company has received equity to the tune of Rs.65 crore during February 2018 supporting its capital structure, the company's coverage metrics continue to remain weak with meagre EBITDA of Rs.1.0 crore during 9M FY2018. The company estimates sales of Rs. 80 crore during Q4 FY2018 and EBITDA of Rs.14-15 crore during FY2018. The revision of ratings also factors continued vulnerability of the company's margins to adverse fluctuations in foreign currency rates given its high import dependence; and competition from other players (both domestic and international) in its addressable market segments given its moderate scale of current operations.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[ICRA's policy on Withdrawal and Suspension of Credit Rating](#)

About the company:

Incorporated in 1998, Wildcraft India Private Limited is primarily engaged in the manufacture, marketing and distribution of adventure gear, backpacks, travel bags, accessories, outdoor apparel and footwear etc. The company markets wide range of its products under the umbrella brand of 'Wildcraft' while it has several sub-brands catering to varied customer and product segments. WIPL's products can be broadly categorized across: adventure gear (comprising of sleeping bags, tents, carry mats, gaiters, fire starters etc), business & travel (comprising of duffle bags, travel bags and accessories, back packs for corporate customers), apparels & footwear (comprising of outdoor wear such as jackets, rainwear, footwear, active wear and accessories among others) and campus and youth (comprising mainly of college back packs, lunch bags, sling bags, wallets and pencil pouches etc). WIPL has two manufacturing facilities in Bangalore and one in Himachal Pradesh for manufacturing of adventure gear and back packs while the manufacturing of apparel and footwear is outsourced.

Key financial indicators (audited)

Consolidated	FY2016	FY2017
Operating Income (Rs. crore)	175.0	223.4
PAT (Rs. crore)	(8.8)	(13.0)
OPBDIT/ OI (%)	3.4%	1.7%
RoCE (%)	-0.1%	-2.1%
Total Debt/ TNW (times)	1.1	0.7
Total Debt/ OPBDIT (times)	13.0	18.8
Interest coverage (times)	0.8	0.4
NWC/ OI (%)	65.3%	61.0%

Source: Company, ICRA research; OPBDITA: Operating Profit before Depreciation, Interest and Taxes; PAT: Profit After Tax; RoCE: Return on Capital Employed; TNW: Tangible Net Worth; NWC: Net Working Capital

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Chronology of Rating History for the past 3 years								
Current Rating (FY2019)					Date & Rating in FY2017			
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating	Date & Rating in FY2017		Date & Rating in FY2016	Date & Rating in FY2015 Nov 2014
				April 2018	Feb 2017	Dec 2016	Mar 2016	
1 Fund-based/Non-fund based	Long Term / Short Term	35.00	NA	Revised to [ICRA]BBB+ (Stable) / A2 from [ICRA]A- (Stable)/A2+; Ratings Withdrawn	[ICRA]A- (Stable)/A2+	[ICRA]A- (Stable)/A2+	-	-
2 Fund-based	Long Term	10.00	NA	Revised to [ICRA]BBB+ (Stable) from [ICRA]A- (Stable); Ratings Withdrawn	[ICRA]A- (Stable)	[ICRA]A- (Stable)	-	-
3 Fund-based	Short Term	35.00	NA	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn	[ICRA]A2+	[ICRA]A2+	-	-
4 Non-Fund Based	Short Term	10.00	NA	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn	[ICRA]A2+	[ICRA]A2+	-	-
5 Fund-based	Long Term / Short Term	35.00	-	-	[ICRA]A- (Stable)/A2+ / Ratings withdrawn	[ICRA]A- (Stable)/A2+ / Ratings on notice of withdrawal	[ICRA]A- (Stable)/ [ICRA]A2+	-
6 Non-Fund Based	Short Term	10.00	-	-	[ICRA] A2+ / Ratings withdrawn	[ICRA] A2+ / Ratings on notice of withdrawal	[ICRA]A2+	-
7 Fund based	Short Term	25.00	-	-	[ICRA] A2+ / Ratings withdrawn	[ICRA] A2+ / Ratings on notice of withdrawal	[ICRA]A2+	-
8 Cash Credit	Long Term	5.00	-	-	-	-	[ICRA]A- (Stable) / Rating Withdrawn	[ICRA]A- (Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
Fund-based/Non-fund based	FY2016			35.00	Revised to [ICRA]BBB+ (Stable) / A2 from [ICRA]A- (Stable)/A2+; Ratings Withdrawn
Fund-based	FY2016	NA	NA	10.00	Revised to [ICRA]BBB+ (Stable) from [ICRA]A- (Stable); Ratings Withdrawn
Fund-based	FY2016			35.00	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn
Non-Fund Based	FY2016			10.00	Revised to [ICRA]A2 from [ICRA]A2+; Ratings Withdrawn

Source: Wildcraft India Private Limited

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