



White Wagon Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit	Rs 6.00 crore	[ICRA]B- assigned

The rating of [ICRA]B- (pronounced ICRA B minus) has been assigned to the Rs. 6.00 crore fund-based cash-credit facility of White Wagon Private Limited (WWPL).

The assigned rating is constrained by the start up nature and modest scale of operations of the company; its limited brand recognition, small dealer network and low market penetration in the midst of intense competitive pressures in the industry and exposure of profitability to volatility in input prices. The rating also takes into account the weak financial profile of the company as reflected in its thin profitability margins, weak coverage indicators, moderately high working capital intensity and aggressive capital structure. While assigning the rating, ICRA has also considered the high debt repayment obligations in the near to medium term which may create a strain on the company's liquidity and credit metrics particularly in the backdrop of a slowdown in demand in the domestic tractor segment.

The rating however takes comfort from the company's advantage in input procurement on account of its favourable location in Rajkot, Gujarat; reasonable experience of promoters in the line of business and favourable long term prospects for tractors in the domestic market.

Company Profile

Incorporated in October 2009, White Wagon Private Limited (WWPL) commenced commercial operations in August 2010 and is engaged in manufacturing of mini tractors (defined as tractors with engine power less than 18 Horse Power) used for agricultural purpose. The company manufactures mini tractors of 11 HP (Horse Power) and 16.5 HP and sells under 'Vaibhav 112' and 'Utsav 165' brands respectively. The company's plant located at Kangashiyali in Rajkot district of Gujarat has a current manufacturing capacity of 36 mini tractors per day. WWPL is promoted by Mr. Viral Varshani, Mr. Khimji Makwana, Mr. Jayesh Radadiya and Mr. Jayantilal Vekaria, who also hold interest in various companies present in associated lines of business

Recent Results

In FY12, White Wagon Private Limited reported an operating income of Rs. 17.74 crore (as against Rs. 5.83 crore during FY11) and profit after tax of Rs. 0.08 crore (as against Rs. 0.02 crore for FY11).

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* For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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