



Witmans Industries Private Limited

Instrument	Amount Rated	Rating Action
Term Loans	1.97 crore	Upgraded to [ICRA]BBB- (stable) from [ICRA]BB+ (stable)
Long-Term Fund Based Limits	20.00 crore	Upgraded to [ICRA]BBB- (stable) from [ICRA]BB+ (stable)
Short-Term Fund Based Limits	18.20 crore	Upgraded to [ICRA]A3 from [ICRA]A4+

ICRA has upgraded the long-term rating assigned to the Rs. 1.97 crore* term loans and Rs. 20.00 crore cash credit facilities of Witmans Industries Private Limited (Witmans / the company) from [ICRA]BB+ (pronounced ICRA double B plus)[†] to [ICRA]BBB- (pronounced ICRA triple B minus). The outlook on the rating is stable. ICRA has also upgraded the short-term rating assigned to the Rs. 18.20 crore short-term non-fund based bank facilities of the company from [ICRA]A4+ (pronounced ICRA A four plus) to [ICRA]A3 (pronounced ICRA A three).

Rating Rationale

The revision in ratings reflects the stable growth in scale of operations and fall in gearing levels of the company with rising accruals and comfortable debt coverage indicators. The rating revision also considers the expected benefits of raw material procurement from HPCL in terms of mitigation of forex as well as the commodity price risk to a significant extent. The ratings continue to factor in the promoter's long standing experience of over two decades, in the textile lubricants industry.

The ratings, however, continue to be constrained by the susceptibility of the operating margin to movements in commodity prices and fluctuations in foreign exchange rates, as reflected in the decline in operating margins over the last three fiscals. The margin is further constrained by the low bargaining power with the established client base and limited value addition in their final product. The company's product portfolio is dominated by textile lubricants (~90% of total sales), making it vulnerable to the cyclical nature inherent in the textiles lubricants industry—and the same constrains the ratings further. ICRA notes that the company operates in a highly competitive industrial lubricants industry, marked by a large number of unorganized players. Nonetheless, high entry barriers in terms of the technology involved; long-term relationships with key customers and a well diversified customer base; and provide Witmans with a competitive edge.

Entity Profile

Witmans Industries was established as a partnership firm in 1989 by Mr. Rajendra Saini and Mr. Ravi Saini as a trading and marketing firm dealing in petroleum products and lubricants. It was converted into a private limited company in April 2011, with its erstwhile partners as 100% equity holders of the company. The company is headquartered in Mumbai.

Other than Witmans Industries Private Limited, the Witmans Group comprises Witmans Petrochem Private Limited and Esterlube Technologies, promoted by the Mr. Rajendra Saini and Mr. Ravi Saini. While Witmans Petrochem is engaged in the trading of base oils (100% sales to Witmans Industries), Esterlube Technologies undertakes job works (for Witmans Industries) for the manufacture of emulsifiers. The Witmans Group reported consolidated revenues of Rs. 264.47 crore and a net profit of Rs. 4.81 crore in FY 2014.

* 1 crore = 100 lakh = 10 million

† For a complete rating scale and definitions, please refer to ICRA's website (www.icra.in) or other ICRA rating publications.



Recent Results

During FY 2015, the company reported operating income of Rs. 284.24 crore (as against Rs. 263.30 crore during FY 2014) and profit after tax of Rs. 4.27 crore (as against Rs. 3.02 crore during FY 2014).

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