

Press Release

Woodfield Systems International Private Limited

August 26, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.08	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	17.13	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	29.21	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.29.21 crore bank facilities of Woodfield Systems International Private Limited (WSIPL).

The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the group and NOC received from the banker.

About the Company

Thane based Woodfield Systems International Private Limited (WSIPL), incorporated in 2000 and promoted by the Woodfield Group. It is engaged in the manufacturing of loading and unloading arms, safety access systems and metering skid solutions. It caters to the oil & gas, chemical, petrochemical and aviation industry. The operations are spread across several countries including India, USA, Latin America, UK and Spain. WSIPL is an ISO 9001:2008, ISO 14001: 2004, CE 0045 97/23/EC PED, BS OHSAS 18001, AD2000/EN3834 certified company.

About the Group

The Woodfield Group (WG) consists of three companies i.e. Woodfield Systems International Private Limited (WSIPL), Gaytri Industrial Corporation Private Limited (GICPL) and Woodfield Systems USA Inc. (WSU). South Carolina based, Woodfield System USA Inc., incorporated in May 2017 is a 100 percent subsidiary of WSIPL. This company is also engaged in same business of manufacturing loading and unloading arms, safety access systems and metering skid solutions. The commercial operations has commenced from January 2018.

Analytical Approach

Acuite has consolidated the business and financial risk profiles of WSIPL, WSU and GICPL together referred to as the 'Woodfield Group' (WG). The consolidation is in view of the common management, operational and financial linkages and cross corporate guarantees

between the entities.
Extent of Consolidation: Full.

Key Rating Drivers

Strengths

- **Established track record of operations and well experienced promoters**

The Woodfield Group was established in 1979 by promoters, Mr. Chetan Navnitlal Modi, Mr. Girish Shamji Gala, and Mr. Hemant Nanji Chheda. Further, Mr. Nittul Chetan Modi joined business in 1995. The operations are currently managed by Mr. Kartik Gala and Mr. Nittul Modi. The promoters have experience of over three decades in the aforementioned line of business. The promoters are supported by experienced and qualified second line of management comprising of Mr. Simon Hill, Mr. Brian Mcnamara, Mr. Suhas Deshmukh, Mr. Hitesh Vakil and others having experience of more than two decades in their respective fields. The extensive experience of the promoters and the established presence in the industry has helped the group to generate healthy relations with various customers and suppliers in both domestic as well as global market. The group has global customer base spread across Africa, Australia, Europe & CIS, Latin America, South East Asia, UAE, USA & Canada among others. The group's consolidated operating income stood at Rs.66.34 crore in FY22(Prov.) as against Rs.73.41 crore in FY21.

Acuité believes that the group will continue to benefit from the promoter's established presence in the industry and its improving business risk profile over the medium term.

- **Well diversified geographical operations with reputed clientele**

WG caters to ~40 countries and has representative offices in Europe and Spain as well. WG has established relations with reputed clientele in various industries such as oil & gas, petrochemical, chemical and infrastructure industry across the world. It caters to globally reckoned corporates including Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Larsen & Toubro (L&T), Samsung Engineering, Hyundai Engineering, Hyundai Engineering & Construction, Afcons Infrastructure Limited, Petrofac E & C Oman LLC among others. WG has long term relations of over a decade with customers which ensure repeat orders.

Acuité expects the established position in the industry and healthy relations with both customers as well as suppliers will help the group to maintain stable credit profile in the medium term.

Weaknesses

- **Moderate financial risk profile**

The group has a moderate financial risk profile marked by moderate network, moderate gearing and average debt protection metrics. The network stood at Rs. 36.11 Cr. as on March 31, 2022(Prov.) as against Rs. 30.02 Cr. as on March 31, 2021. The network increased due to accretion of profits to reserves. The total debt of Rs. 42.52 Cr. as on March 31, 2022(Prov.) includes long term borrowings of Rs. 3.94 Cr., short term borrowings of Rs. 19.34 Cr. and unsecured loans of Rs. 19.24 Cr.. The group's overall gearing stood at 1.81 times as on March 31, 2022(Prov.) as against 1.26 times as on March 31, 2021. The TOL/TNW stood at 1.43 times as on March 31, 2022(Prov.) as against 1.72 times as on March 31, 2021. The ICR stood at 2.63 times in FY22(Prov.) as against 3.81 times in FY21. The NCA/TD increased to

0.18 times in FY22(Prov.) as against 0.13 times in FY21.

Acuité expects the group's financial risk profile to remain moderate over the medium term

- **Working capital intensive nature of operations**

The group's operations are working capital intensive in nature. The GCA days stood at 218 days as on March 31, 2022(Prov.) as against 178 days as on March 31, 2021. The GCA days are primarily driven by inventory days. The inventory days stood at 143 days as on March 31, 2022(Prov.) as against 63 days as on March 31, 2021. The debtor days stood at 58 days as on March 31, 2022(Prov.) as against 85 days as on March 31, 2021. The creditor days stood at 61 days as on March 31, 2022 (Prov.) as against 67 days as on March 31, 2021.

Acuité believes that the group's ability to manage the working capital cycle will going to be a key rating sensitivity over the medium term.

Rating Sensitivities

- Improvement in scale of operations while maintaining profitability margins
- Elongation of working capital cycle

Material covenants

None

Liquidity Position: Adequate

The company's liquidity profile is adequate marked by adequate net cash accruals against its maturing debt obligations. The firm generated net cash accruals of Rs. 7.24 Cr in FY22 as against Rs.4.91 Cr. The firm generated cash accruals of Rs. 10.49 Cr in FY2021 as against maturing debt obligation of 2.84 Cr. The firm maintains unencumbered cash and bank balances of Rs. 0.70 crore as on March 31, 2022 as against Rs. 0.26 crore as on March 31, 2021 and Rs. 0.25 crore as on March 31, 2020. The current ratio of the company stood at 1.59 times as on March 31, 2022 as against 1.36 times as on March 31, 2021 and 0.98 times as on March 31, 2020.

Outlook

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	66.34	73.41
PAT	Rs. Cr.	4.43	3.29
PAT Margin	(%)	6.68	4.48
Total Debt/Tangible Net Worth	Times	1.18	1.26
PBDIT/Interest	Times	2.63	2.35

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument<https://www.acuite.in/view-rating-criteria-55.htm>**Rating History**

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Jun 2021	Cash Credit	Long Term	11.77	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Term Loan	Long Term	0.02	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
	Standby Line of Credit	Short Term	8.13	ACUITE A4+ (Downgraded from ACUITE A3)
	Bank Guarantee	Short Term	9.00	ACUITE A4+ (Downgraded from ACUITE A3)
	Term Loan	Long Term	0.29	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Negative)
20 Mar 2020	Term Loan	Long Term	0.29	ACUITE BBB- Negative (Reaffirmed)
	Cash Credit	Long Term	11.77	ACUITE BBB- Negative (Reaffirmed)
	Term Loan	Long Term	0.02	ACUITE BBB- Negative (Reaffirmed)
	Standby Line of Credit	Long Term	8.13	ACUITE BBB- Negative (Reaffirmed)
	Bank Guarantee	Short Term	9.00	ACUITE A3 (Reaffirmed)
27 Dec 2018	Cash Credit	Long Term	11.10	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.44	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.32	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Proposed Bank Facility	Long Term	0.22	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	8.13	ACUITE A3 (Assigned)
30 Oct 2017	Cash Credit	Long Term	8.50	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.24	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.48	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	0.68	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	7.00	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Canara Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	9.00	ACUITE A4+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	11.77	ACUITE BB+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Stand By Line of Credit	Not Applicable	Not Applicable	Not Applicable	8.13	ACUITE A4+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Term Loan	Not available	10.35	Not available	0.29	ACUITE BB+ Reaffirmed & Withdrawn
Canara Bank	Not Applicable	Term Loan	01-04-2017	10.40	01-10-2021	0.02	ACUITE BB+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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