



Press Release

Walchandnagar Industries Limited
August 28, 2023

Rating Reaffirmed & Withdrawn and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	228.40	ACUITE C Reaffirmed & Withdrawn	-
Bank Loan Ratings	95.43	Not Applicable Withdrawn	-
Bank Loan Ratings	512.28	-	ACUITE A4 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	836.11	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long term rating of '**ACUITE C**' (read as **ACUITE C**) and its short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.740.68 Cr. bank facilities of Walchandnagar Industries Limited (WIL). Furthermore, Acuite has withdrawn the rating on the Rs.95.43 Cr. proposed bank facilities of the company. The rating has been withdrawn on account of the request received from the company and NOC received from the lenders as per Acuite policy of withdrawal of ratings.

Rationale for reaffirmation

The rating reaffirmation takes into the stretched liquidity position of the company marked by inadequate net cash accruals against matured repayment debt obligations. The company have successfully exited from the standstill arrangement under the standstill agreement and the company after discussion & negotiation have agreed upon debt restructuring scheme with ACRE and has signed restructuring agreement dated May 18, 2023 as amended /supplemented from time to time (Restructuring Agreement) with ACRE(Lender). The current outstanding of the debt from ACRE stands at Rs.40.92 Cr. The total debt of Rs.62.00 Cr. is to be repaid in 5 half yearly installments starting April 2023 and ending in September 2025. As per the management, the first installment was repaid by from selling its non-core assets and all the principal repayments will be made by selling of non-core assets. However, the company is reporting EBITDA losses due to high input costs and provisions made for bad debts. Acuite believes that the company's ability to monetize its non-core assets within time will remain a key factor towards repayment of the restructured debt.

About the Company

Mumbai based Walchandnagar Industries Limited (WIL) is an ISO 9001:2015 certified company with global presence and diversified business portfolio in Projects, Products and High-tech Manufacturing. Incorporated in 1908, WIL has a long track record of operations for over 100 years. WIL has been engaged into EPC of sugar mills, nuclear power plants and fabrication and heavy engineering segments like Defence, Nuclear, Aerospace and Missiles (DNAM). WIL has a strong customer base. WIL is a listed company on the BSE and NSE stock exchanges in India.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of WIL to arrive at this

Key Rating Drivers

Strengths

Established track record of operations with experienced management:

WIL has been engaged in strategic business areas like Defence, Nuclear, Missiles, Aerospace (DNAM) and industrial products like Gears, Centrifugal, Castings and Gauges. The company is also in the EPC business of sugar mills, nuclear power plants & fabrication. The company has been engaged in this industry for more than 100 years and was promoted by (Late) Seth Walchand Hirachand Doshi. Over the last 3-4 years, WIL has focused on exiting the EPC business by completing orders in hand and aggressively expanding into DNAM and Specialized OEM business. The present Chairman of the company is Mr. Chakor Doshi, who possesses extensive industry experience of more than three decades in the said industries. Mr. Doshi is an M. Sc. (Op. Research and Industrial Engineering) from USA. Some of the landmark projects of WIL include key critical equipment in India's maiden mission to moon, i.e., 'Chandrayan I', 'Chandrayan II' and 'Chandrayan III', contribution towards 'Akash Missile', among others. Despite covid-19 pandemic, the company has set up a HS200 PPT start of art facility for 'Gaganyaan' program of ISRO at its Walchandnagar plant. The extensive experience of the promoters in the industry has helped the company to build strong a market presence in the aforementioned industries.

Healthy order book position and reputed clientele:

The established presence of WIL in the aforementioned industries for over 100 years helped the company to build esteemed client profile spanning both in private as well as reputed Government agencies. Some of the key customers of WIL are, Bharat Dynamics Limited (BDL), Hindustan Aeronautics Limited (HAL), Defence Research and Development Organisation (DRDO), Indian Space Research Organisation (ISRO), Nuclear Power Corporation of India Limited (NPCIL) amongst others. The track record of the company in moderate to large infrastructure segment is reflected through its healthy order book position of Rs.922.28 Cr. as on 31 March 2023, thereby providing a strong revenue visibility over medium term. The order book of WIL is also well diversified among segments with Aerospace comprising ~19 per cent, Nuclear sector with ~30 per cent, Sugar sector with ~18 per cent and Energy/Boiler segment with ~17 percent. Over the years, WIL has gained necessary pre-qualification criteria for heavy engineering sectors by successfully commissioning large and technically complex projects.

Weaknesses

Susceptibility of operating performance to cyclical nature of industry and regulatory risk

WIL's operating cash flows are dependent on its ability to complete its EPC projects in a timely manner and to secure new projects from time to time. WIL had in the past experienced delays in commencement as well as execution of some of its EPC projects on account of delays in regulatory and environmental approvals. The revenue of the company stood at from Rs.326.67 Cr in FY2023 compared against Rs.305.79 Cr in FY2022. The company reported EBITDA losses of Rs.24.75 Cr. in FY2023 compared against EBITDA of Rs.30.38 Cr. in FY2022. The decline in EBITDA are on account of high departmental fixed cost and increase in raw material cost against subdued revenue recognition on account of delayed order execution along with provisions made by the company. The company have successfully exited from the standstill arrangement under the standstill agreement and the company after discussion & negotiation have agreed upon debt restructuring scheme with ACRE and has signed restructuring agreement dated May 18, 2023 as amended /supplemented from time to time (Restructuring Agreement) with ACRE(Lender). The current outstanding of the debt from ACRE stands at Rs.40.92 Cr. as on March 31,2023. The repayment of the loans is expected from monetizing its non-core assets. Acuité believes that the company's ability to generate adequate operating profits and timely monetization of its non core assets will remain a key rating sensitivity.

Working capital intensive nature of operations

The operations of WIL are highly working capital intensive marked by significantly high Gross Current Assets (GCA) days of 512 days for FY2023 as against 642 days for FY2022. This is majorly on

account of high inventory period of 137 days and high receivable days of 236 days for FY2023. Work in Progress inventory related to legacy projects which are stuck since 2009-2010 has led to higher inventory holding period. The high receivables (majorly legacy projects) have further contributed to company's stretched working capital cycle. This has led to increasing reliance on external borrowing reflecting in high average utilisation of ~84 percent for last nine months ending June, 2023. The company's liquidity is highly dependent on external factors such as receipt of payment from its legacy projects, liquidation of its non-fund based facilities which are backed by high cash margin.

Rating Sensitivities

- Sustained improvement in scale of operations and profitability.
- Timely monetization of non-core assets.
- Further elongation in the working capital cycle thereby increasing overall reliance on external borrowings

All Covenants

Mandatory Covenants

1. The borrower should maintain adequate books of accounts, as per applicable accounting practices and standards, which should correctly reflect its financial position and scale of operations and should not radically change its accounting system without prior written notice to the Bank.
2. The borrower shall submit to the Bank such financial statements as may be required by the Bank from time to time in addition to the set of such statements to be furnished by the borrower to the Bank as on the date of publication of the borrower's annual accounts.
3. In case of default in repayment of the loan / advances or in the payment of the interest thereon or any of the agreed instalments of the loan on due date(s) by the borrower, the Bank and / or the RBI will have an unqualified right to disclose or publish the borrower's name and/ or the name of the borrower / unit and its directors/ partners / proprietors (as well as their photograph) as defaulters / willful defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.
4. The Bank will have the right to share credit information as deemed appropriate with Credit Information Companies (CICs) or any other institution as approved by RBI from time to time.
5. The Borrower / Guarantors hereby gives specific consent to the Bank/ Lender for disclosing /submitting the financial information as defined in section 3 (13) of the Insolvency and Bankruptcy Code 2016 ("Code" for brief) read with the relevant Regulations / Rules framed under the Code, as amended and in force from time to time and as specified there under from time to time, in respect of the credit/ financial facilities availed from the Bank / Lender from time to time to any "Information Utility (IU for brief) as defined in section 3 (21) of the Code in accordance with the relevant Regulations framed under the Code and directions issued by Reserve Bank of India to the banks from time to time and hereby specifically agree to promptly authenticate the financial information submitted by the Bank / Lender as and when requested by the concerned IU.
6. Borrower shall strictly comply with the Bank's Policy on Responsible Financing (available on the IBA website at <http://www.iba.org.in/Documents/National-Voluntaw'-Guidelines-for-Responsible-Financing.pdf> . In the event of failure to comply with the said policy or any action / activities of the borrower is in violation of the same, the Bank shall be at liberty to re-call the credit facilities / refuse to grant credit facilities.
7. The borrower should not induct into its Board a person whose name appears in the willful defaulters list of RBI /CICs. In case such a person is already on the Board of the borrowing company, it would take expeditious steps for removal of that person from its Board. Nominee directors are excluded for this purpose.

8. In the event of default in repayment to the Bank or if cross default has occurred the Bank will have the right to appoint its nominee on the Board of Directors of the borrower to look after its interests.
9. In stressed situation or restructuring of debt, the regulatory guidelines provide for conversion of debt to equity. The Bank shall have the right to convert loan to equity or other capital in accordance with the regulatory guidelines.
10. Bank will have the right to examine at all times the borrower's books of accounts and to have the borrower's factories/offices inspected, from time to time, by officer(s) of the Bank and / or qualified auditors and / or by technical experts and or management consultants of the Bank's choice. Cost of such inspection shall be borne by the borrower.
11. After provision for tax and other statutory liabilities, unless expressly permitted otherwise, the Bank will have a first right on the profits of the borrower for repayment of amounts due to the Bank.
12. The borrower shall keep the Bank informed of the happening of any event likely to have a substantial effect on their profit or business: for instance, if, the monthly production or sales are substantially less than what had been indicated, the borrower shall immediately inform the Bank with explanations and the remedial steps taken and / or proposed to be taken.
13. Borrowers shall not effect any change in the borrower's capital structure where the shareholding of the existing promoter(s) gets diluted below current level or 51% of the controlling stake (whichever is lower), without prior permission of the Bank — for which 60 days' prior notice shall be required. In case of limited liability partnerships and partnership firms "Promoters" would mean managing partners for the purposes of this covenant.
14. The borrower will utilize the funds only for the purpose they have been lent. Any deviation will be dealt with as per RBI/Banks' guidelines.
15. Promoter's share in the borrowing entity should not be pledged to any Bank / NBFC/ Institution without the consent of the Bank/lender.
16. For Term Loan (> Rs.50 crore) — Covenants [in relation to certain (say three) agreed parameters] are to be stipulated for all term loans and these are required to be tested annually on the basis of Audited Balance Sheet (ABS). Penal interest will be charged in case of breach of (any or as mutually agreed between the Bank and the borrower) of the parameters vis-à-vis values as approved. The penal interest will apply from the day after the date of ABS, and shall continue till the breach is cured. Further, it may be specifically, indicated that the breach of financial covenant may be considered by lenders as an Event of Default.
17. Each of the following events will attract penal interest / charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account
 - a. For the period of overdue interest / instalment in respect of Term Loans and over-drawings above the drawing power / limit in Fund Based Working Capital accounts on account of interest / devolvement of Letters of Credit / Bank Guarantee, insufficient stocks and receivables, etc.
 - b. Delay in submission of stock statements defined as number of days as per bank specific Policy.
 - c. Non-submission of Audited Balance Sheet within 8 months of closure of financial year.
 - d. Non-submission / delayed submission of FFRs, wherever stipulated, within due date.
 - e. Non-submission of review / renewal data at least one month prior to due date.
 - f. Non-obtention of External credit risk rating from agency approved by RBI.
18. The borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of subsidiaries / group companies or companies in which it has invested,

including any action taken by any creditor against the said companies legally or otherwise.

19. The borrower shall deal with our bank / banks under consortium / multiple banking arrangement exclusively, shall not open current account/s with any other bank without our prior permission. The borrower's entire business relating to their activity including deposit, remittances, bills / cheque purchase, non-fund based transactions including LCs and BGs Forex transaction, merchant banking, any interest rate or currency hedging business etc. should be restricted only to the financing banks under consortium / multiple banking arrangements.
20. Fund Based Limits both in Working Capital and Term Loan wherever stipulated by the Bank, should be regulated through an Escrow Mechanism as agreed among banks to avoid any kind of diversion of funds.

Mandatory Negative Covenants

1. The Bank shall have the right to securitise the assets charged and in the event of such securitization, the Bank will suitably inform the borrower(s) and guarantor(s);
2. Without prior consent of the Bank, the Borrower shall not during the continuance of the credit facility granted:
 - i. Formulate any scheme of amalgamation or reconstruction.
 - ii. Undertake any new project, implement any scheme of expansion / diversification or capital expenditure or acquired fixed assets (except normal replacements indicated in funds flow statement submitted to and approved by the bank) if such investment results into breach of financial covenants or diversion of working capital funds to financing of long-term assets.
 - iii. Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit or security deposits in the ordinary course of business or advances to employees can, however, be extended. Such investment should not result in breach of financial covenants relating to the credit facilities sanctioned including TOL/ Adjusted TNW and current ratio agreed upon at the time of sanction.
 - iv. Enter into borrowing arrangement either secured or unsecured with any other bank financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction.
 - v. Undertake any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies).
 - vi. Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that such distribution may be permitted only if no event of default / breach in financial covenant is subsisting in any repayment obligations to the Bank.
 - vii. Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any other financial institution, bank, company, firm or persons.
 - viii. Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Bank. However, fixed assets to the extent of 5% of Gross Block may be sold in any financial year provided such sale does not dilute FACR below minimum stipulated level. (Not applicable for unsecured loans).
 - ix. Enter into any contractual obligation of a long term nature or which, in the reasonable assessment of the Bank, is detrimental to lender's interest, viz. acquisition beyond the capability of borrower as determined by the present scale of operations or tangible net worth of the borrower/ net means of promoters etc. leveraged buyout etc.
 - x. Change the practice with regard to remuneration of Directors by means of

ordinary, remuneration or commission, scale of sitting fees etc. except where mandated by any legal or regulatory provisions.

- x. Undertake any trading activity other than the sale of products arising out of its own manufacturing operations. (Not applicable in case finance is for trading activity only).
 - xi. Permit any transfer of the controlling interest or make any drastic change in the management set-up including resignation of promoter directors.
 - xii. Repay monies brought in by the Promoters/ Directors / Principal Shareholders and their friends and relatives by way of deposits / loans/advances before repaying the entire dues to the Bank. Further, the rate of interest, if any, payable on such deposits/ loans / advances should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular repayment of instalments to term loans granted / deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the borrower to the Bank.
 - xiii. Pay any commission to the guarantor/s for guaranteeing the credit facilities sanctioned by the Bank to the borrowers.
 - xiv. Approach capital market for mobilizing additional resources either in the form of debt or equity.
3. If the Bank turns down the borrower's request for terms under i) to xv) mentioned above but the later still goes ahead, the Bank shall have the right to call up the facilities sanctioned.

iii. Other terms, conditions & covenants, etc. applicable to the sanctioned facility(ies) :-

1. Without prejudice to the demand nature of the advance(s), the/these credit facility(ies) will remain in force for a period of one year and are subject to annual review. Next review will fall due on or before 21.11.2022.
 2. The Company/firm to execute necessary security documents/renewal documents for sanctioned/enhanced limit(s) duly supported by Board resolution and create and register stipulated charges with the authorities specified for the purpose within stipulated time limit before release of sanctioned/enhanced limits.
 3. Stock/book debt statements are to be submitted by 20th (or the date stipulated in sanction) of the succeeding month along with monthly select operational data (MSOD) in bank's prescribed formats. Valuation of stocks to be done at cost/invoice/market price, whichever is lower. If these statements are not submitted for a continuous period of 3 months, Bank may initiate further action as deemed necessary by the Bank.
 4. The drawing power in the accounts would be arrived at after deducting the unpaid creditors, outstanding balance, if any, in the accepted DA L/C account. In the case of book debts no drawings would be allowed against book debts on sister concerns, unless specifically agreed to by the bank, and also those which are more than 90 days old. Drawings would be allowed based on the QIS returns subject to the availability of drawing powers as mentioned above. Bank will obtain status report on drawees before purchase/discount of the bills and such reports will be updated annually; availability of a satisfactory status report shall be a pre-requisite for such purchase/ discount of bills.
- iv. The firm/company to display bank's hypothecation plate/board at its Unit/business premises indicating that stocks/assets are hypothecated to the Bank.
- v. All the assets charged/to be charged to the Bank to be kept fully insured at all times against all risks (FRSD, Burglary, comprehensive risks etc.) and original Insurance cover note /policy in the name of the Bank a/c borrower firm/Company with Bank's Hypothecation clause to be lodged with the Bank.

- vi. The company to submit all bills/receipts etc. as applicable to project expenditure. A certificate from bank's approved C.A/Architect/valuer towards expenses incurred on project/progress in implementation of project. Any escalation in the project cost to be met by the promoters/company/firm from their own sources.
- vii. The Company/firm to submit copy of statutory permissions/clearances like 'NOC' from Pollution Control Board and ensure for timely renewal of same from time to time.
- viii. Any default in complying with terms of sanction within the stipulated time will attract penal interest of 1% p.a. from the date of expiry of such time.
- ix. Charges recoverable are as follows:
 - a. Proposal Processing charges of Rs. 17.50 lakhs + GST will be levied annually (Concession of 50%);
 - b. Inspection charges of Rs. 10,000 + taxes will be recovered on a quarterly basis;
 - c. Out of pocket expenses incurred towards title verification and valuation of property / assets, inspections / techno- economic appraisal of the project /unit will be recovered separately.

12.

Commitment charges: Commitment charges will be levied on quarterly basis with tolerance level of 30% of quarterly operating limit / drawing limit at the following rates:

Level of utilisation	Commitment Charges
Less than 60%	0.40% p.a
60% and above	Nil

'Commitment charges shall be levied on per annum basis and recovery shall be made on quarterly basis as per rates given hereinabove.

- 13. The firm/company is required to submit QIS I, II & III returns. QIS I (showing estimates) is required to be submitted in the week preceding the commencement of the quarter to which it relates, QIS II (showing performance) within six weeks from the close of the quarter to which the statement relates and QIS III (half yearly operating statement) within two months from the close of the half-year.
- 14. CMA data to be submitted at least one month before the due date of review.
- 15. The firm/Company to declare/undertake to us:
 - a. to supply to us, audited financial statements of the firm/company within 8 months from closure of financial year
 - b. to provide to us promptly information (alongwith comments/explanation) about all material and adverse changes in your project/business, ownership, management, liquidity, financial position etc.
 - c. that any liabilities or obligations under the facilities shall not, at any time, rank postponed in point and security to any other obligation or liabilities to other lending institutions or banks or creditors, unless expressly agreed or permitted by bank.
- 16. Declare the relationship, if any, of the directors of the company with the directors of the bank and senior officers of the bank.
- 17. The firm/Company is permitted to open/maintain following C/D accounts with other banks/branches of our bank for specified purposes subject to submission of bank statements of these accounts to us every month/quarter for our perusal. firm/Company will be required to close these accounts as and when required by bank
- 18. The company/firm to submit a stamped declaration cum undertaking to the effect that :-
 - a. the company / firm or its directors / partners / promoters / guarantors / associate concerns of the company/firm are not on ECGC Caution list/specific approval list, RBI's defaulters/caution list, COFEPOSA defaulters list or our bank's defaulters list, and that no director' of the company is disqualified u/s 274 of the Companies Act.
 - b. No legal case of any nature has been filed against the company/its associates affecting

the financial position substantially, and in case of any suit is/will be filed against the Company, the bank shall be kept informed;

19. Notwithstanding anything contained in any loan/security documents and/or any writing to the contrary, the Bank shall not be obliged to grant or continue the credit facilities except that it shall in its absolute discretion consider fit and Bank shall always be at liberty and at its sole discretion to cancel all or any part of the said credit limits, without prior notice or assigning any reason whatsoever in the event of a) the said credit limits are not utilised by you and/or b) deterioration of the loan account or diminution in the value or title of the securities and/or c) non-compliance of the terms and conditions of sanction. Borrower shall not be entitled to claim any compensation, damages or otherwise from the Bank on exercising the said right.
20. Please note that the cheques drawn by firm/Company will not be honoured by bank if in its view the payment is going towards a purpose for which the facilities are not sanctioned.
21. Bank assumes no obligation whatsoever to meet your further (fund based or non fund based requirements on account of growth in business or otherwise without proper revision and sanction of credit limits decided at the sole discretion of the bank. Further, if sanction terms are not complied with by you or if your account is classified as Non-performing Asset (NPA), then bank may not allow further withdrawals in the account.
22. Notwithstanding what is stated herein above, we shall at any time and from time to time, be entitled to notify you and charge interest/commission/charges at such notified rates and this letter shall be construed as if such revised rates were mentioned herein.
23. You shall pay to or reimburse all costs, charges, expenses (including charges between the attorney or counsel and bank and those of our internal legal adviser/officer and other experts, consultants or professionals), disbursements, taxes, fees, stamp duties etc. whatsoever, incidental or to arising out of the facilities, their negotiation, the preparation, execution, registration and stamping of the documents relating thereto, the preservation or protection of our rights and interests of the enforcement or realisation of any security or any demand or any attempted recovery of the amounts due from you.
24. We shall be entitled to debit the amounts of all costs, charges and expenses to your account and such amounts shall stand secured by all securities given to or created in our favour in connection with the facilities. You indemnify and keep us fully and completely indemnified from time to time against the liabilities including all costs, charges and expenses stipulated herein whether debited to your account or not.
25. Any failure to exercise or delay in exercising any of our rights hereunder or under any other documents will not act as a waiver of that or any other right nor shall any single or partial exercise preclude any future exercise of that right
26. So long as any monies are due to us from you under any of the facilities, we shall have a lien/charge for such amounts on all your credit balances, deposits, securities or other assets with, any of the branches of Bank of India or of its subsidiaries anywhere in the world and upon the happening of any of the events of default referred herein, we shall be entitled to exercise a right of set off between the amounts due and payable to us and the said credit balances, deposits, securities and other assets.
27. The bank reserves the right to discontinue any/all the credit facilities granted without giving you any prior notice in case of non-compliance and/or breach of any of the terms and conditions based on which the facilities have been sanctioned to you and/or if any information/particulars/documents furnished by you are found to be incorrect.
28. The Bank carries out the credit rating exercise every year when the facilities are reviewed. However, it reserves the right to carry out the credit rating exercise of the facilities at frequencies considered necessary and the rate of interest chargeable to the facilities would depend upon the rating obtained by the borrowing firm/ Company.
29. The Bank reserves the right to add, amend, alter, cancel and modify any of the terms

and conditions stipulated herein above with or without any prior reference to you. Further, the bank's general rules governing advances shall also apply. The company/firm to abide by such terms and conditions as the bank may stipulate from time to time.

30. Borrower shall strictly comply with the Bank's policy on Responsible Financing. In the event of failure to comply with the said policy or any action/ activities of the borrower is in violation of the same, the Bank shall be at liberty to recall the credit facilities / refuse to grant credit facilities.

Liquidity Position Stretched

The net cash accruals of the company remained low against repayment obligations for FY2023. The company generated net cash accruals of Rs.38.27 Cr. in FY2023 against repayment obligations of Rs.60.37 Cr. However, the company have successfully exited from the standstill arrangement which was signed in July,2022 and after discussion & negotiation, the company have agreed upon debt restructuring scheme with ACRE and has signed restructuring agreement dated May 18, 2023 with ACRE(Lender). The current outstanding of the debt from ACRE stands at Rs.40.92 Cr. The total debt of Rs.62.00 Cr. is to be repaid in 5 half yearly instalments starting April 2023 and ending in September 2025. As per the management, the first instalment was repaid by from selling its non-core assets and all the principal repayment will be made by selling of non-core assets and not from cashflow from operations. The WC cycle days stood at high at 215 days for FY2023 as against 338 days in the previous year. The fund based bank limit utilization for the 9 month period ended June 2023 stood at ~85%.

Outlook: Not Applicable

Other Factors affecting Rating None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	326.67	305.79
PAT	Rs. Cr.	19.58	(38.07)
PAT Margin	(%)	5.99	(12.45)
Total Debt/Tangible Net Worth	Times	1.13	2.54
PBDIT/Interest	Times	1.69	0.78

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

Not Applicable

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>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Sep 2022	Working Capital Demand Loan	Long Term	4.51	ACUITE C (Reaffirmed)
	Working Capital Demand Loan	Long Term	8.07	ACUITE C (Reaffirmed)
	Bank Guarantee	Short Term	250.00	ACUITE A4 (Reaffirmed)
	Proposed Bank Facility	Long Term	95.43	ACUITE C (Reaffirmed)
	Letter of Credit	Short Term	37.28	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	83.72	ACUITE C (Reaffirmed)
	Bank Guarantee	Short Term	225.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	132.10	ACUITE C (Reaffirmed)
05 Jul 2022	Cash Credit	Long Term	135.00	ACUITE C (Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	8.50	ACUITE C (Issuer not co-operating*)
	Bank Guarantee	Short Term	300.00	ACUITE A4 (Issuer not co-operating*)
	Letter of Credit	Short Term	40.00	ACUITE A4 (Issuer not co-operating*)
	Bank Guarantee	Short Term	254.11	ACUITE A4 (Issuer not co-operating*)
	Working Capital Demand Loan	Long Term	13.50	ACUITE C (Issuer not co-operating*)
	Cash Credit	Long Term	85.00	ACUITE C (Issuer not co-operating*)
06 Apr 2021	Working Capital Demand Loan	Long Term	13.50	ACUITE C (Downgraded from ACUITE BB Negative)
	Cash Credit	Long Term	85.00	ACUITE C (Downgraded from ACUITE BB Negative)
	Cash Credit	Long Term	135.00	ACUITE C (Downgraded from ACUITE BB Negative)
	Bank Guarantee	Short Term	300.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Letter of Credit	Short Term	40.00	ACUITE A4 (Downgraded from ACUITE A4+)
	Working Capital Demand Loan	Long Term	8.50	ACUITE C (Downgraded from ACUITE BB Negative)
	Bank Guarantee	Short Term	254.11	ACUITE A4 (Downgraded from ACUITE A4+)
16 Mar 2021	Bank Guarantee	Short Term	300.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	85.00	ACUITE BB Negative (Reaffirmed)
	Working Capital Demand Loan	Long Term	8.50	ACUITE BB Negative (Assigned)
	Letter of Credit	Short Term	40.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	135.00	ACUITE BB Negative (Reaffirmed)
	Working Capital Demand	Long		

	Loan	Term	13.50	ACUITE BB Negative (Assigned)
	Bank Guarantee	Short Term	254.11	ACUITE A4+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	250.00	ACUITE A4 Reaffirmed & Withdrawn
Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	225.00	ACUITE A4 Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	132.10	ACUITE C Reaffirmed & Withdrawn
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	83.72	ACUITE C Reaffirmed & Withdrawn
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	37.28	ACUITE A4 Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	95.43	Not Applicable Withdrawn
State Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	4.51	ACUITE C Reaffirmed & Withdrawn
Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	8.07	ACUITE C Reaffirmed & Withdrawn

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