

Press Release
WALCHANDNAGAR INDUSTRIES LIMITED
May 30, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	220.94	ACUITE BB Negative Reaffirmed Stable to Negative	-
Bank Loan Ratings	414.06	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	635.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs.635.00 Cr. bank facilities of Walchandnagar Industries Limited (WIL). The outlook is revised from '**Stable**' to '**Negative**'.

Rationale for Rating

The revision in outlook reflected a turnaround in the operational performance in FY25, with decline in operating revenue and negative EBITDA and PAT which are the key rating sensitivity factors. Furthermore, the working capital cycle remains intensive. The rating considers the moderate financial risk profile supported by moderate networth due to capital infusion, gearing below unity albeit weak debt protection metrics. Liquidity remains adequate due to receipt of share warrants infused by promoters and investors which aided in prepayments of debt obligations during FY25 and meeting capex plans, influx of intercorporate borrowings and average bank limit utilization; albeit negative cash accruals which would remain a key monitorable over the medium term. The rating also factors in the comfort derived from release and cancellation of bank guarantees and some payments from Tamil Nadu Electricity Board (TNEB) and expected further release.

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 in strategic business areas like Defence, Nuclear, Missiles, Aerospace (DNAM) and industrial products like Gears, Centrifugal, Castings and Gauges. WIL has a strong customer base. WIL is a listed company on the BSE and NSE stock exchanges in India. The directors of the company are Mr. Chirag Chakor Doshi, Mr. Rupal Anand Vora, Mr. Prabhat Kumar, Mr. Chakor Lalchand Doshi, Mr. Jayesh Chaturdas Dadia and Mr. Giriraj Sharan Agrawal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Walchandnagar Industries Limited to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations and 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 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. Some of the landmark projects of WIL include key critical equipment in India's maiden mission to moon, i.e., 'Chandrayan I' and 'Chandrayan II', contribution towards 'Akash Missile', among others. The extensive experience of the promoters in the industry has helped the company to build strong a market presence in the aforementioned industries. Acuite believes that the company will continue to benefit from its extensive experience of the promoters over the medium term.

Moderate Financial Risk Profile albeit weak debt protection metrics

The company has a moderate financial risk profile mainly marked by moderate net worth, gearing below unity and weak coverage indicators. The tangible networth stood at Rs.372.34 Cr. as on March 31, 2025 as against Rs.360.62 Cr. as on March 31, 2024 due to capital infusion by way of share warrants. The gearing stood at 0.52 times in FY25 as against 0.67 times in FY24. However, the debt protection metrics has been weak, marked by Interest Coverage Ratio and Debt Service Coverage Ratio of (0.72) times and (0.49) times respectively in FY25. This has been a result of net losses. The debt repayment obligations of the Company have been met by infusion of share warrant monies. The TOL/TNW stood at 1.34 times in FY25 as against 1.42 times in FY24. Acuite believes the financial risk profile will improve supported by infusion of capital over the medium term.

Weaknesses

Decline in scale of operations in FY 25

The company reported an operating income of Rs. 259.18 crore for FY25, compared to Rs. 311.38 crore in FY24. the decrease in revenue was due to slowdown in foundry business, labour strike at Walchandnagar plant during FY23-24, delayed supply of raw materials for nuclear projects from supplier's end and delayed quality inspections by a few customers prevented the dispatch of ready inventory. The company has an unexecuted order book of Rs.594.99 Cr. (excluding sugar and boiler orders of Rs.329.03 Cr. put on hold from Tendaho Sugar Factory) as on April 30th 2025. The OB/OI stood at 2.30 times. This provides revenue visibility over the medium term. The main focus is on DNA (Defence, Nuclear and Aerospace) segments. The company has a plan for upgrading their existing facilities for catering to defence, nuclear and aerospace (DNA) projects which will be operational in late FY26 or early FY27. The EBITDA margin stood at (27.10%) in FY25 as against 3.36% in FY24. The decline is due to one-time provision of Rs.54.31 Cr. (created Q1FY25 of Rs.10.69 Cr. and in Q4FY25 of Rs.43.62 Cr.) towards expected loss due to cost over- run for TNEB orders. Secondly, provision for settlement of Walchandnagar Union Agreements has been created ~Rs. 4.00 Cr. Acuite expects the scale of operations will improve supported by enhanced capacity, increasing focus on nuclear orders and reduced interest payments over the medium term.

Intensive Working Capital Cycle

The working capital cycle is intensive marked by GCA days of 697 days in FY25 as against 600 days in FY24. The inventory days stood at 137 days in FY25 as against 168 days in FY24. High inventory is due to the execution of long lead projects. The debtor days stood at 211 days in FY25 as against 210 days in FY24. There are sticky debtors like TNEB, however, the Company expects collection from this debtor and have already received some monies from them in FY25. The other current assets majorly involved unbilled revenue of Rs.114.24 Cr, balance with government of Rs. 22.96 Cr. and advances to suppliers of Rs.24.25 Cr. Against this, the creditor days stood at 145 days in FY25 as against 181 days in FY24. Acuite believes that the working capital cycle will be intensive in the near to medium term.

Rating Sensitivities

Movement in revenue and profitability margins
Timely execution of order book
Timely repayment of debt obligations
Working capital cycle

Liquidity Position

Adequate

The Company's liquidity is aided by influx of funds in the business in the form of equity infusion, NCD proceeds and intercorporate borrowings. The company has successfully issued fresh share warrants infused by promoters and investors for Rs. 216.00 Cr. by May 2025. The Company has further infused funds of Rs. 74.00 Cr. in July 24 by way of NCD. The company has cash and cash equivalents of Rs.54.96 Cr. in FY25 mostly because of proceeds received from such sources. The debt repayments of ACRE of Rs. 20.92 Cr. have been repaid by such fund infusions. The net cash accruals of the Company were negative at Rs. (75.39) Cr. due to decline in operating performance. The current ratio of the company stood at 1.25 times as on 31 March 2025. The average utilization

of fund based and non-fund-based limits for last six months ended April 2025 was 79.00% & 68.00% respectively. Acuite expects the liquidity position will remain a key monitorable considering negative net cash accruals of FY25 due to dismal operating performance over the near to medium term.

Outlook: Negative

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	259.18	311.38
PAT	Rs. Cr.	(86.03)	(41.83)
PAT Margin	(%)	(33.19)	(13.43)
Total Debt/Tangible Net Worth	Times	0.52	0.67
PBDIT/Interest	Times	(0.72)	0.45

FY2025 financials are based on abridged financial statements

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <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
02 Aug 2024	Bank Guarantee (BLR)	Short Term	209.56	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	235.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	76.21	ACUITE BB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.15	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	114.08	ACUITE BB Stable (Assigned)
28 Aug 2023	Bank Guarantee/Letter of Guarantee	Short Term	250.00	ACUITE A4 (Reaffirmed & Withdrawn)
	Letter of Credit	Short Term	37.28	ACUITE A4 (Reaffirmed & Withdrawn)
	Bank Guarantee/Letter of Guarantee	Short Term	225.00	ACUITE A4 (Reaffirmed & Withdrawn)
	Working Capital Demand Loan (WCDL)	Long Term	4.51	ACUITE C (Reaffirmed & Withdrawn)
	Cash Credit	Long Term	132.10	ACUITE C (Reaffirmed & Withdrawn)
	Cash Credit	Long Term	83.72	ACUITE C (Reaffirmed & Withdrawn)
	Working Capital Demand Loan (WCDL)	Long Term	8.07	ACUITE C (Reaffirmed & Withdrawn)
	Proposed Long Term Bank Facility	Long Term	95.43	ACUITE Not Applicable (Withdrawn)
07 Sep 2022	Bank Guarantee/Letter of Guarantee	Short Term	250.00	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	37.28	ACUITE A4 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	225.00	ACUITE A4 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	95.43	ACUITE C (Reaffirmed)
	Cash Credit	Long Term	132.10	ACUITE C (Reaffirmed)
	Cash Credit	Long Term	83.72	ACUITE C (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	4.51	ACUITE C (Reaffirmed)
	Covid Emergency Line.	Long Term	8.07	ACUITE C (Reaffirmed)
05 Jul 2022	Bank Guarantee/Letter of Guarantee	Short Term	300.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	40.00	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee/Letter of Guarantee	Short Term	254.11	ACUITE A4 (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	135.00	ACUITE C (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	85.00	ACUITE C (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	13.50	ACUITE C (Reaffirmed & Issuer not co-operating*)
	Working Capital Demand Loan (WCDL)	Long Term	8.50	ACUITE C (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	217.00	Simple	ACUITE A4+ Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	197.06	Simple	ACUITE A4+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	98.20	Simple	ACUITE BB Negative Reaffirmed Stable to Negative
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	76.21	Simple	ACUITE BB Negative Reaffirmed Stable to Negative
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.53	Simple	ACUITE BB Negative Reaffirmed Stable to Negative

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Manvi Khaitan Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticsupport@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.