



**Press Release**  
**WELCAST INDIA PRIVATE LIMITED**  
**June 24, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	44.29	ACUITE BB   Stable   Reaffirmed	-
Bank Loan Ratings	0.52	-	ACUITE A4+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	44.81	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) and short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 44.81 Cr. bank facilities of Welcast India Private Limited. The outlook remains '**Stable**'.

**Rationale for Rating**

The rating is reaffirmed based on the sustained business and financial risk profile of the company. The scale of operation had witnessed a slight weakening in FY24 with revenues at Rs. 74.34 Cr. (Provisional) against revenues of Rs.90.81 Cr. in FY2023 due to geo-political issues. The Company has an order size of Rs. 82.10 Cr. which provides its revenue visibility over the near to medium term. The rating also factors in the improving margin as reflected from operating margin of 8.14 times in FY24 (Prov.) as against 5.95 times in FY23 due to sufficient orders in hand for ductile iron products which fetch better pricing. The PAT margin remained at same level as FY2023 i.e. 1.10 times in FY24 (Prov.).

The company has a moderate financial risk profile marked by its improving net worth, high gearing ratio and average debt protection metrics. The company's liquidity position is stretched marked by net cash accruals of Rs.1.98 crore in FY24 (Prov.) as against a long-term debt repayment of Rs. 2.26 crore over the same period and weak current ratio. The shortfall in debt repayment was repaid using fresh equity infusion as well as liquidating a part of investments. Further, the operations of the company have a stretched working capital as reflected by Gross Current Assets (GCA days) of 193 days in FY24 (Prov.) as against 136 days in FY23 and 167 days in FY22 due to inventory and debtor days.

The rating also draws comfort from the long operational track record of more than two decades and extensive experience of the promoters in the cast iron and ductile iron manufacturing business. The company operates in such industry with limited competition.

**About the Company**

Welcast India Private Limited, a family run Kolkata-based company, was incorporated in 1997. The company is engaged in manufacturing of municipal castings, agricultural castings and fabricated steel for which the manufacturing unit is located at Uluberia, West Bengal. The Directors of the company are Mr. Ankit Kejriwal, Mr. Ramesh Kumar Kejriwal and Mrs. Saroj Kejriwal.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of Welcast India

## Key Rating Drivers

### Strengths

#### Long operational track and experienced management

Welcast India Private Limited was incorporated in 1997 and has a long operational track record of more than two decades in the cast iron and ductile iron manufacturing business. The promoters Mr. Ankit Kejriwal and others of the Kejriwal family manages the operations of the company along with adequate support from a set of key professionals. Acuité believes that the long track of operations and the extensive experience of the promoters will continue to benefit the company going forward. The company operates in such a industry with limited competition.

#### Decline in revenue: Expected to improve

The company has achieved operating income of Rs. 74.34 Cr. in FY24 (Prov.) as against Rs. 90.81 Cr. in FY23 and Rs. 61.34 Cr. in FY22. The operating margin is 8.14 times in FY24 (Prov.) as against 5.95 times in FY23 and 5.88 times in FY22. In FY22, the company introduced a new line i.e. Ductile Iron (DI). The increase in margin is due to sufficient orders and better pricing for DI products. The company had received certifications regarding the marking from the countries like New Zealand, UK, Croatia and others from where Company is expecting new orders. The PAT margin is at same line i.e. 1.10 % in FY24 (Prov.) as against 1.10 % FY23 but slightly improved from 0.39 % in FY22. The ROCE levels stood at 13.14 times in FY24 (Prov.) as against 12.34 times in FY23 and 9.13 times in FY22.

### Weaknesses

#### Working Capital Operations

The operations of the company have a stretched working capital as reflected by Gross Current Assets (GCA days) of 193 days in FY24 (Prov.) as against 136 days in FY23 and 167 days in FY22. The debtor days stood at 48 days in FY24 (Prov.) as against 23 days in FY2023 and 31 days in FY22, due to collection period of minimum 90 days. The company ship their products by water, and it reaches to the customers in an average of 60-70 days. The bank discounts the bills within 10 days. The inventory days stood high at 125 days in FY24 (Prov.) as against 97 days in FY23 and 114 days in FY22. The inventory is high due to off-selling of customized products and creation of around 70-80 Strategic Business Units (SKUs) for different countries. The creditor days stood at 46 days in FY24 (Prov.) as against 24 days in FY23 and 27 days in FY22. The creditor stood high due to the payment cycle of 30 days. Acuite believes that working capital requirements are expected to remain at similar levels due to the work orders in hand and to be executed over the medium term.

#### Moderate Financial Risk Profile

The company has a moderate financial risk profile marked by its low but improving net worth, high gearing ratio and average debt protection metrics. There is an equity infusion of Rs. 8.00 Cr. in FY24 (Prov.) as against Rs. 7.41 Cr. in FY23. A part of unsecured loans of Rs. 0.22 Cr. was converted to equity. The company brought Rs. 0.38 Cr. as fresh capital for the shortfall in debt repayment. The net worth of the company stood at Rs. 11.75 Cr. in FY24 (Prov.) as against Rs. 10.35 Cr. in FY23 and Rs. 7.46 Cr. in FY22.

The gearing stood high at 2.32 times in FY24 (Prov.) as against 2.71 times in FY23 and 4.53 times on FY22. TOL/TNW ratio slightly decreased to 3.41 times in FY24 (Prov.) as against 3.53 times in FY23 and 3.43 times in FY22. The interest coverage ratio and debt service coverage ratio stood at 1.57 times and 0.96 times respectively as of March 31, 2024 (Prov.) in line with 1.63 times and 1.27 times respectively as on March 31, 2023. Acuite believes that the company's financial risk profile will remain at an average level in medium term backed by steady cash accruals.

### Rating Sensitivities

- Increase in the operating income while maintaining profitability
- Elongation in the working capital cycle
- Improvement in capital structure

### **Liquidity Position**

#### **Stretched**

The company's liquidity position is stretched marked by net cash accruals of Rs.1.98 crore in FY24 (Prov.) as against a long-term debt repayment of Rs. 2.26 crore over the same period. It was repaid using the equity as well as liquidating a part of investments in mutual funds. The current ratio stood weak at 1.09 times in FY24 (Prov.) as compared to 1.14 times in FY23 and 1.21 times in FY22. The cash and bank balances stood at Rs 1.19 crore in FY24 (Prov.) as against Rs. 1.49 crore in FY23 and Rs. 1.79 crore in FY22. The company does not have any debt funded capex plans over the medium term. Additionally, the fund-based limit was utilized at only 77.31 per cent for the six-months ended April 2024. However, the company has stretched working capital management as reflected by Gross Current Assets (GCA) of 193 days in FY24 (Prov.) as compared to 136 days in FY23 and 167 days in FY22. The company had availed ad hoc limit of Rs. 5 Cr. between Sep to Dec 2023 due to geo-political issues during previous years, leading to pressure on working capital. Acuite believes that the company will maintain stretched liquidity position due to net cash accruals and no major capex plans.

#### **Outlook: Stable**

Acuite believes that the outlook on Welcast India Private Limited will remain '**Stable**' over the medium term on account of the long track record of operations, experienced management and improvement in the operating income. The outlook may be revised to '**Positive**' in case of significant growth in revenue or operating margins from the current levels. Conversely, the outlook may be revised to '**Negative**' in case of a decline in revenue or operating margins, deterioration in financial risk profile or further elongation in its working capital cycle.

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	74.34	90.81
PAT	Rs. Cr.	0.82	1.00
PAT Margin	(%)	1.10	1.10
Total Debt/Tangible Net Worth	Times	2.32	2.71
PBDIT/Interest	Times	1.57	1.63

### 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>
- 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
27 Mar 2023	Bank Guarantee (BLR)	Short Term	0.21	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.31	ACUITE A4+ (Assigned)
	Term Loan	Long Term	2.29	ACUITE BB   Stable (Reaffirmed)
	PC/PCFC	Long Term	21.00	ACUITE BB   Stable (Reaffirmed)
	Bills Discounting	Long Term	21.00	ACUITE BB   Stable (Reaffirmed)
16 Mar 2023	PC/PCFC	Long Term	15.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	PC/PCFC	Long Term	6.00	ACUITE BB   Stable (Assigned)
	Bills Discounting	Long Term	15.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Bills Discounting	Long Term	6.00	ACUITE BB   Stable (Assigned)
	Term Loan	Long Term	2.50	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
31 Mar 2022	PC/PCFC	Long Term	10.00	ACUITE BB-   Stable (Reaffirmed)
	Bills Discounting	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	Bills Discounting	Long Term	13.00	ACUITE BB-   Stable (Reaffirmed)
	PC/PCFC	Long Term	5.00	ACUITE BB-   Stable (Reaffirmed)
	Term Loan	Long Term	2.50	ACUITE BB-   Stable (Reaffirmed)
07 Mar 2022	PC/PCFC	Long Term	10.00	ACUITE BB-   Stable (Reaffirmed)
	PC/PCFC	Long Term	5.00	ACUITE BB-   Stable (Assigned)
	Bills Discounting	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	Bills Discounting	Long Term	8.00	ACUITE BB-   Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	7.50	ACUITE BB-   Stable (Assigned)
08 Oct 2021	Bills Discounting	Long Term	8.00	ACUITE BB-   Stable (Reaffirmed)
	Bills Discounting	Long Term	2.00	ACUITE BB-   Stable (Reaffirmed)
	PC/PCFC	Long Term	10.00	ACUITE BB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.21	ACUITE A4+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.31	ACUITE A4+   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	21.00	ACUITE BB   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	21.00	ACUITE BB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1.13	ACUITE BB   Stable   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Term Loan	28 Mar 2019	Not avl. / Not appl.	30 Jan 2026	Simple	1.16	ACUITE BB   Stable   Reaffirmed

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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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