



Press Release

Gaytri Industrial Corporation Private Limited (GICPL)

November 22, 2021

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Fund Based Bank Facilities – Working Capital Term Loan – GECL	1.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)	Assigned
Long Term Fund Based Bank Facilities – Cash Credit Sub-limit of CC (PC/PCFC/FDB/FBE/BRD)	8.00 (5.00)	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)/IVR A4+ (IVR A Four Plus)	Assigned
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	4.00	IVR A4+ (IVR A Four Plus)	Assigned
Total	13.00 (Thirteen Crores Only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The assignment of ratings to the bank facilities of Woodfield Group takes into account long track record of operations and experienced & resourceful promoters, well diversified geographical operations with reputed client base and increasing scale of operations & increasing EBITDA margins. The rating is however constrained by moderate debt protection metrics & capital structure and working capital intensive nature of the Company's operations.

The Positive Outlook factors in the expected improvement in Woodfield Group's EBITDA margins & financial profile in FY2022.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and profitability of US subsidiary Woodfield Systems USA Inc. leading to improvement in debt protection metrics at group level.

Downward Factors

- Any decline in revenue and profitability leading to sustained deterioration in debt protection metrics and/or liquidity at group level.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Long track record of operations and experienced & resourceful promoters

The Woodfield Group was established in 1979 by Mr. Chetan Navnitlal Modi, Mr. Girish Shamji Gala, and Mr. Hemant NanjiChheda. Further, Mr. Nittul Chetan Modi joined the business in 1995. The operations are currently managed by Mr. Kartik Gala and Mr. Nittul Modi. The promoters have extensive experience of over three decades in the aforementioned line of business. The Group has well experienced second line of management comprising of Mr. Simon Hill, Mr. Frank Machni, Mr. Suhas Deshmukh and Mr. Hitesh Vakil and others having experience of more than two decades in their respective fields. Being an established & experienced Group in this business has yielded to generate good relations with customers and suppliers in domestic and global markets. The promoters have extended financial support to the Group in the form of unsecured loans since its inception and when required.

Well Diversified Geographical Operations with Reputed Client Base

The Woodfield Group caters to international clients through its representative offices in many countries. Currently the Group has clients in geographic regions including but not limited to USA, UAE, Latin America, Algeria, Europe, China etc. This helps the Group to de risk its operations to any geographical & socio-economic risks pertaining to specific regions. Due to its long-established presence the Group has reputed clientele like Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Larsen & Toubro Limited (L&T), Samsung Engineering Company Limited, Hyundai Engineering Company, Hyundai Engineering & Construction Company Limited, Afcons Infrastructure Limited, Petrofac E & C Oman LLC among others.

Increasing scale of operations & increasing EBITDA margins.

The Group's revenues have grown at a compounded annual growth rate (CAGR) of ~ 14% to INR 95.69 crore in FY2021 from INR 73.72 crore in FY2019. The Groups EBITDA margins have substantially improved to 8.33% in FY21 from 1.50% in FY19 showing the Groups



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improving operating efficiency. Although the Group is currently making losses at PAT level as seen by a loss of INR 1.19 crore in FY21, mainly due to losses in its US subsidiary Woodfield Systems USA (WSU) Inc., the group is currently expecting that WSU will be profitable by FY22. Going forward with the stabilization of operations in its US subsidiary the Group is expected to turn PAT positive in FY22. Stabilization of operations in US subsidiary is the key monitorable in near future. In 1HFY22 the group has achieved the revenue of INR 35.17 crores excluding revenues from US Subsidiary

Key Rating Weaknesses

Moderate debt protection metrics & capital structure:

The Group has moderately leveraged capital structure in FY21 as evinced by Overall Gearing ratio of 1.10x (FY20: 3.18), Total Outside Liabilities to Tangible Net worth ratio of 1.59x (FY20: 5.10) and Total debt to EBITDA ratio of 4.61x (FY20: 12.51). The firms' ISCR ratio in FY21 is 1.39x (FY20: 0.68). The promoters have infused INR 21.97 crore in the last three years ended FY21. Any substantial decline in revenues or profitability can jeopardize the Group's ability to meet its debt obligations and will increase its dependency on fresh source of financing through debt or equity.

Working capital intensive nature of operation:

Woodfield Groups operations are working capital intensive on account of its high inventory holding period at 115 days (FY20: 138 days) as on March 31, 2021. The total Gross Current Asset days are 166 days (FY20: 202 days). Although the operating cycle days in FY21 have reduced to 102 days in FY21 compared to 126 days in FY20, they are still on higher side.

Analytical Approach: Consolidated

Infomerics has taken the consolidated approach by combining financial profiles of Woodfield Systems International Private Limited (WSIPL), Woodfield Systems USA Inc. and Gaytri Industrial Corporation Private Limited (GICPL). The consolidation is on account of common management, legal linkages and significant operational linkages. Woodfield Systems USA Inc. is 100% subsidiary of Woodfield Systems International Private Limited. Gaytri Industrial Corporation Private Limited has given an unconditional and irrevocable corporate guarantee to Woodfield Systems International Private Limited.



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Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation Non- Financial Sector

Liquidity – Adequate

The liquidity profile of the Woodfield Group is adequate as they have sufficient cash accruals in comparison to maturing debt obligation. The average bank limit utilization at group level is ~ 69%. For FY21 the Group has moderate interest coverage ratio of 1.39x. The Group's cash & cash equivalents for the year ended March 2021 are at INR 0.95 crores. The current ratio for the Woodfield Group stood at 1.32x for FY21.

About the Company

Gaytri Industrial Corporation Private Limited (GICPL) was initially established in the year 1979 as a partnership firm by Mr. Girish Shamji Gala, Mr. Hemant Nanji Chheda and Mrs. Rekha Chetan Modi. The firm converted into a private limited company in Nov, 2020. The Company is located in Thane, Maharashtra and has its manufacturing facilities located in Asangaon. GICPL is engaged in the business of manufacturing and supplying of metallic & non – metallic flexible hoses, couplings like quick release couplings, cam locks, hammer unions, expansion joints, hose reels & accessories like dry disconnect & break away couplings.

About the Group

The Woodfield Group is Thane, Maharashtra based 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. WSIPL & WSU are engaged in business of manufacturing loading and unloading arms, safety access systems and metering skid solutions.



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Financials Consolidated:

INR Crore

For the year ended / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	78.60	95.69
EBITDA	3.13	7.97
PAT	-4.60	-1.19
Total Debt	39.16	36.71
Tangible Networth	12.33	33.41
Ratios		
EBITDA Margin (%)	3.98	8.33
PAT Margin (%)	-5.83	-1.23
Overall Gearing Ratio (x)	3.18	1.10

Intercompany transactions have been adjusted as per Infomerics standard.

Standalone : (GICPL)

INR Crore

For the Year Ended/As On	31-03-2020	31-03-2021
	(Audited)	(Audited)
Total Operating Income	16.82	20.73
EBITDA	2.90	3.14
PAT	1.75	1.02
Total Debt	5.49	4.06
Tangible Net-Worth	4.69	24.66
Ratios		
EBITDA Margin (%)	17.22	15.13
PAT Margin (%)	10.35	4.91
Overall Gearing (x)	1.17	0.16

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Bank Facilities – Working Capital Term Loan – GECL	Long Term	1.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)	--	--	--
2.	Long Term Fund Based Bank Facilities – Cash Credit Sub-limit of CC (PC/PCFC/FDB/FBE/BRD)	Long Term/ Short Term	8.00 (5.00)	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)/IVR A4+ (IVR A Four Plus)	--	--	--
3.	Short Term Non-Fund Based Bank Facilities – Bank Guarantee	Short Term	4.00	IVR A4+ (IVR A Four Plus)	--	--	--

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Working Capital Term Loan – GECL	--	--	Up to March 2022	1.00	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)
Long Term Fund Based Bank Facilities – Cash Credit Sub-limit of CC (PC/PCFC/FDB/FBE/ BRD)	--	--	Revolving	8.00 (5.00)	IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook)/IVR A4+ (IVR A Four Plus)
Short Term Non-Fund Based Bank Facilities – Bank Guarantee	--	--	Revolving	4.00	IVR A4+ (IVR A Four Plus)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Name of the company	Consolidation Approach
Woodfield Systems International Private Limited (WSIPL)	Full*
Woodfield Systems USA Inc.	Full*
Gaytri Industrial Corporation Private Limited (GICPL).	Full*

**Intercompany transactions have been adjusted as per Infomerics standard.*



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-GICPL-22-11-21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Working Capital Term Loan - GECL	Simple
2.	Cash Credit	Simple
3.	Bank Guarantee	Simple

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.