

McNally Sayaji Engineering Limited (Revised)

October 14, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	173.75	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	89.00	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	262.75 (₹ Two Hundred Sixty-Two Crore and Seventy-Five Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated July 28, 2021, continued the ratings of McNally Sayaji Engineering Limited (MSEL) under the 'issuer non-cooperating' category as MSEL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. MSEL continues to be non-cooperative despite repeated requests for submission of information through phone calls and letters/emails dated June 13, 2022, June 23, 2022, July 03, 2022.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

At the time of last rating on July 28, 2021, the following were the rating strengths and weaknesses (updated for the information available from stock exchange fillings):

Key Rating Weaknesses:

Ongoing delays in debt servicing: MSEL's liquidity position remains impacted due to losses. There are ongoing delays in debt servicing. The company is presently under Corporate Insolvency Resolution Process (CIRP).

Stretched operating cycle: MSEL has high working capital requirement due to elongated operating cycle. The average collection period was high at 163 days in FY22. Further, the inventory period was high at 189 days in FY22. Accordingly, the operating cycle is elongated.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

*Issuer did not cooperate. Based on best available information.

About the company

MSEL, incorporated in December 1943, is a subsidiary of McNally Bharat Engineering Co. Ltd belonging to the B. M. Khaitan group. The company has manufacturing units located at Vadodara (Gujarat), Kumardhubi (Jharkhand) and Asansol (West Bengal) engaged in the manufacturing of various construction and material handling equipment & spares and has slurry pump thickeners and floatation unit at Bengaluru (Karnataka). Besides, the company also has two windmills (aggregate capacity - 1.6 MW) at Jamnagar, Gujarat.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23 (UA)
Total operating income	158.57	157.65	NA
PBILDT	18.06	-6.22	NA
PAT	9.81	-41.24	NA
Overall gearing (times)	2.23	4.01	NA
Interest coverage (times)	20.52	-5.32	NA

A: Audited, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	130.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	Dec-2020	43.75	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-BG/LC		-	-	-	89.00	CARE D / CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate. Based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	130.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (04-Apr-19)
2	Fund-based - LT-Term Loan	LT	43.75	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (28-Jul-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Jun-20)	1)CARE D; ISSUER NOT COOPERATING* (04-Apr-19)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST*	89.00	CARE D / CARE D; ISSUER NOT COOPERATING*	-	1)CARE D / CARE D; ISSUER NOT COOPERATING*	1)CARE D / CARE D; ISSUER NOT COOPERATING*	1)CARE D / CARE D; ISSUER NOT COOPERATING*

				G*		G* (28-Jul-21)	G* (23-Jun-20)	G* (04-Apr-19)
--	--	--	--	----	--	-------------------	-------------------	-------------------

*Long term/Short term.

*Issuer did not cooperate. Based on best available information.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us**Media contact**

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Mamta Muklania
Phone: +91-33-4018 1651
E-mail: mamta.khemka@careedge.in

Relationship contact

Name: Lalit Sikaria
Phone: +91-79-4026 5656
E-mail: deepak.prajapati@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**