

Ref. No. : WI:SEC:2016

Date : July 12, 2016

National Stock Exchange of India Ltd.  
Corporate Action Department  
Exchange Plaza, 5th floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051.  
Fax :26598237/38, 66418126/25/24

BSE Ltd.,  
Corporate Relations Department  
1st floor, New Trading Ring,  
Rotunda Bldg P. J. Tower,  
Mumbai 400 001  
Fax:: 22723121/2039/2037

Dear Sirs,

**Sub.: Disclosure under Regulation 30(6) read with Part A of Schedule III of SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

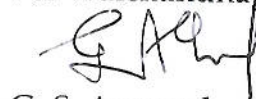
With reference to the above subject, we wish to inform you that the CARE has revised the rating of Walchandnagar Industries Ltd. for long term bank facilities from CARE BBB- to CARE D and for short term bank facilities from CARE A3 to CARE D. In this regard, please find enclosed herewith **PRESS RELEASE dated 12<sup>th</sup> July, 2016** for your information and the same is also updated on the website of the Company ([www.walchand.com](http://www.walchand.com)).

This is for your information and record.

Thanking you,

Yours faithfully,

For Walchandnagar Industries Ltd.



G. S. Agrawal

Vice President (Legal & Taxation) & Company Secretary

Encl.: as above

## **PRESS RELEASE**

**Date – 12<sup>th</sup> July 2016**

On Monday 11<sup>th</sup> July 2016, CARE revised Walchandnagar Industries Ltd's (WIL) rating for long term bank facilities from CARE BBB- to CARE D and for short term bank facilities from CARE A3 to CARE D.

While the rating downgrade from CARE Ratings Agency has happened, however we would like to state that the liquidity position currently being faced by the company is temporary in nature and we are confident about a turnaround in terms of liquidity and profitability going ahead. Our justification is based on the following factors:

- 1) Recent performance in Oct 15, Dec 15 and March 2016 quarters especially vis-à-vis manufacturing business.
- 2) Positive movement in the fields of Defence and Nuclear where WIL has a major presence and expertise
- 3) Concrete way ahead in terms of completion of long pending projects
- 4) Our past record in terms of loan servicing
- 5) Legacy of the company especially towards nation building
- 6) Core strengths

**1) Recent Performance (Oct 15 , Dec 15 and March, 2016 Quarters):**

It may be noted that through a conscious strategy of laying more stress on the manufacturing business compared to its EPC portfolio, WIL has been able to turn around in the Oct 15, Dec 15 and March, 2016 quarters by showing improved operational / Financial performance. We are confident that with sustained focus on its strategic manufacturing business (Nuclear, Defence, Missiles, Aerospace and Gears), WIL would continue this trend going ahead. Our present order book of approximately INR 1000 Crore has an equal balance of Manufacturing and EPC orders. Share of Manufacturing Business (wherein our profitability is higher and sustained) would only go up in the years ahead.

**2) Positive developments in Defence and Nuclear Sectors:**

WIL is very strongly placed in the present scenario wherein strategic sectors like Defence and Nuclear Power are poised for sustainable growth going ahead. Supportive government policies and programs including the "Make in India" Campaign, thrust on indigenization of defence production, further clarity on critical issues like CLNDA with regards to Nuclear Power, etc would throw open substantial growth prospects for WIL in the short to medium term. Through our constant interactions with prospective customers during participation in events like Defence Expo 2016, the currently ongoing INNOPROM in Russia, etc we are confident of sustained improvements in our business prospects.



**3) Way ahead in terms of completion of long pending projects:**

The primary reason for the short term liquidity stress has been the large amounts of money locked up as retention in two of our long pending projects (Sugar Plant Modernization and Co-generation of Power) – one domestic and the other international (being executed in Ethiopia). In both the projects, a concrete way ahead has been worked out. In the case of the domestic project, one of the project sites has already been completed and inaugurated in January 2016 while a priority based execution plan for the balance sites has already been put in place. As far as the international project is concerned, we are in the final stage of completion of phase 1 of the project. We are confident that phased completion of these projects would progressively help us in getting our locked up retention funds thereby significantly boosting our liquidity position.

**4) Past record of loan servicing:**

While the ratings downgrade reflects some stress in terms of short term liquidity, it is definitely not symptomatic of any medium or long term issues. The Company has always met its loan obligations on time in the past. Through concrete measures like pending project completion (linked with receipt of contractual retention money) and sale of non-core assets WIL plans to tide over the liquidity crunch being currently experienced.

**5) WIL's legacy:**

Walchandnagar Industries Ltd is a 108 year old organization with a successfully proven track record of contributing in core sectors of the economy including strategic domains like Defence, Nuclear Power & Aerospace. WIL has amongst its customers very esteemed organizations like Nuclear Power Corporation of India (NPCIL), Indian Space Research Organization (ISRO), Indian Navy, Advanced Tactical Vessel Program (ATV), Bharat Dynamics Ltd (BDL), etc. Through expertise developed and honed over decades of experience, WIL continues to serve the nation through its contribution in designing and manufacturing critical heavy engineering products involving cutting edge technology and meeting stringent quality standards.

**6) Core Strengths:**

WIL has honed its design, engineering and manufacturing expertise over decades of experience. It remains our greatest strength. With a dedicated and well trained workforce, experienced managerial staff and a versatile large scale manufacturing facility at Walchandnagar we are confident that we will positively respond to all business opportunities and significantly improve our performance going ahead. With abundant availability of land at Walchandnagar and also a strategically located piece of land (along the water-front) at Dahej in Gujarat, we also have the basic infrastructure to ramp up our business going ahead.

For Walchandnagar Industries limited



G. K. Pillai  
Managing Director & CEO.