



EMKAY TOOLS

EMKAY TAPS AND CUTTING TOOLS LTD.

Registered Office & factory Address: B-27 & B-27/1, M.I.D.C. Industrial Area, Hingna Road, Nagpur-440016 (India)
CIN: L29220MH1995PLC091091

September 20, 2019

To,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai-400051

Series: SM
Symbol: EMKAYTOOLS

Ref.: Your email dated September 19, 2019 seeking clarification for the announcement submitted dated September 14, 2019

Subject: Updates - Announcement of Event / Information considered material in compliance of Regulation 30 of LODR, 2015

Respected Madam / Sir,

This is with reference to the above captioned subject and in furtherance to our previous submission dated September 14, 2019.

In view of the clarification sought by the exchange viz., in case of downward rating, the disclosure may include reasons published by rating agency for such downward rating; we hereby submit our reply to the clarification sought, in light of the detailed report shared by CRISIL to the company, as follows:

Rating Action

Total Bank Loan Facilities Rated	Rs.11 Crore
Long Term Rating	CRISIL BBB+/Stable (Outlook revised from 'Positive' and rating reaffirmed)
Short Term Rating	CRISIL A2 (Downgraded from CRISIL A2+)

CRISIL has revised its outlook on the long-term bank facilities of Emkay Taps and Cutting Tools Ltd (ETCTL) to 'Stable' from 'Positive' while reaffirming the rating at 'CRISIL BBB+'. The short-term rating has been downgraded to 'CRISIL A2' from 'CRISIL A2+'.

The outlook revision reflects expected moderation in the business risk profile, as against CRISIL's earlier expectation of improvement, due to expected decline in revenue and profitability following sluggish demand from the automotive (auto) industry. Revenues were lower than expected during Q1 of fiscal 2020. Nevertheless, the financial risk profile would remain healthy with company's cash accrual in excess of Rs 16 crore over medium term and; stable working capital cycle should keep the total outside liabilities to adjusted networth (TOLANW) below 0.1 time, despite moderate capital expenditure (capex) of Rs 4-5 crore during the fiscal.



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Short term rating downgrade reflects significant drop in value of company's investments in equity. Company also reported loss on sale of investments Rs 13.69 crore during fiscal 2019 resulting in lower than expected accruals of Rs 8.19 crore for fiscal 2019.

Ratings continue to reflect the established position in the threading taps segment, backed by the extensive experience of the promoters and company's healthy financial risk profile, driven by healthy network and comfortable debt protection metrics. These strengths are partially offset by susceptibility of operating performance to slowdown in the end-user industry, moderate scale of operations and product concentration.

We request you to kindly take our above submission on your records and oblige.

Thanking You.

For **EMKAY TAPS AND CUTTING TOOLS LIMITED**

Ajayprakash Kanoria

Chairman, Managing Director & CEO

DIN: 00041279