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02.12.2023

To,  
The Secretary,  
Corporate Relationship Department,  
Bombay Stock Exchange,  
2<sup>nd</sup> Floor, New Trading Wing,  
Rotunda Building, P.J. Towers,  
Dalal Street, Mumbai-400001

**Ref. Scrip Code: 522001- CRANEX LIMITED**  
**ISIN: INE608B01010**

**SUB: INTIMATION REGARDING CREDIT RATING UNDER REGULATION 30 OF SEBI LISTING REGULATIONS.**

Dear Sir/Madam,  
Pursuant to Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) has reviewed the ratings on bank facilities of the Company. In this regard, please find below the ratings outstanding for the bank loan facilities of the Company, and ratings actions by CRISIL on the ratings as on date-

Total Bank Loan facilities rated	Rs. 32 Crore
Long Term Rating	CRISIL/BB STABLE
Short Term Rating	CRISIL A4+

The rating letter received from CRISIL is attached as annexure.

The above information will also be available on the website of the Company at [www.cranexltd.com](http://www.cranexltd.com)

Kindly take the same on record and acknowledge.

Thanking You,  
For Cranex Limited

Renu  
Company Secretary cum compliance Officer  
Membership No:- A29426

## Rating Rationale

November 30, 2023 | Mumbai

### Cranex Limited

'CRISIL BB / Stable / CRISIL A4+' assigned to Bank Debt

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.32 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL BB/Stable (Assigned)</b>
<b>Short Term Rating</b>	<b>CRISIL A4+ (Assigned)</b>

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL BB/Stable/CRISIL A4+' ratings to the bank facilities of Cranex Limited (CL).

The rating reflects the group's long-standing experience of promoters in the crane manufacturing business, diversified end user industry base & established customer base. These strengths are partially offset by its susceptibility of the operating margin to volatility in commodity prices, modest scale of operation, working capital intensive operations and Average financial profile.

#### Analytical Approach

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profiles of CL along with its associate, IFE Cranex Elevators And Escalators India Private Limited (ICEE IPL). This is because both these entities, together referred to as the group, operate in the same industry and have operational and financial linkages.

Unsecured loans as on March 31, 2023, from the directors, family members and associates has been treated as neither debt nor equity as the loan is expected to be retained in the business over the medium term

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

- **Long standing experience of promoters in the crane manufacturing business:** The group is one of leading manufacturers of Electric overhead traveling (EOT) Cranes and Gantry Cranes since its inception in 1973 and was promoted by Late Mr. Suresh Chandra Agrawal. The promoter's family have an experience of around 5 decades in cranes, construction and material handling equipment industry. This has given them a deep understanding of the dynamics of the market and enabled them to establish relationships with suppliers and customers.
- **Diversified end user industry base and established customer base:** The group has long-standing relationships with its customers and suppliers for around five decades. The group manufactures various material handling equipments especially various types of cranes for demanding applications such as commercial and infrastructure projects, industrial uses, space, atomic energy, and flame proof environments. Its customers include some of the well-established Government players such Bharat Heavy Electricals Ltd (BHEL), Indian Railways, Delhi Metro Rail Corporation, Mumbai Metro Rail Corporation, Indian Space Research Organisation (ISRO), Orissa Cement Ltd (OCL), National Thermal Power Corporation (NTPC) and many more. Also, supplies to the private sector companies, i.e., Alstom, Bennett Coleman, Jaso India, Larsen & Toubro, Durha Construction Pvt Ltd., Maruti Suzuki, Tata Projects, HYT Engineering, ISGEC Heavy Engineering. A diversified end user industry base allows it in overcoming the risk of slowdown in a particular industry and achieving higher growth.
- **Average debt protection measures:** Debt protection measures are average as reflected by interest coverage and net cash accrual to total debt (NCATD) ratio of 2.35 times and 0.06 times for fiscal 2023. BMECL debt protection measures are expected to remain at similar level over medium term.

##### Weakness:

- **Susceptibility of the operating margin to volatility in commodity prices:** Operating margins are exposed to volatility in raw material prices, moreover raw material cost accounts for 60-64% of the operating total manufacturing cost. Further, CL faces intense competition due to large presence of players in material handling equipment segment. Also, the small scale of business limits its bargaining power against the other established players in the market.

- **Modest scale of operation:** The group's business profile is constrained by its scale of operations in the intensely competitive Engineering & Capital Goods industry. Revenues have remained range bound around Rs 35- 42 crores over the past three years ended fiscal 2023. The group's scale of operations will continue limit its operating flexibility.
- **Working capital intensive operations:** Gross current assets were at 345-356 days over the three fiscals ended March 31, 2023. Its intensive working capital management is reflected in its gross current assets (GCA) of 344.9 days as on March 31, 2023. Its large working capital requirements arise from its high debtor and inventory levels. It is required to extend long credit period. Furthermore, due to its business need, it hold large work in process & inventory. Majority of its orders that the company executes are order backed and customized according to the specifications hence, company maintains higher number of components/inventories.
- **Average financial profile:** CL's capital structure have been at average level due to moderate reliance on external funds yielding gearing of 0.79 and low total outside liabilities to adj tangible network (TOL/ANW) of 2.82 for year ending on 31st March 2023. The capital structure is expected to remain moderate over the medium term due to subdued profits and reliance on external funds.

#### **Liquidity: Stretched**

Bank limit utilisation is moderate at around 70 percent for the past twelve months ended Oct-23. Cash accrual are expected to be over Rs 1.24-1.41 crore which are sufficient against term debt obligation of Rs. 0.19-0.34 crore over the medium term. In addition, it will be act as cushion to the liquidity of the company. Current ratio is adequate at 1.17 times on March 31, 2023. The promoters are likely to extend support in the form of equity and unsecured loans to meet its working capital requirements and repayment obligations.

#### **Outlook Stable**

CRISIL Ratings believe the group will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

#### **Rating Sensitivity factors**

##### **Upward factor**

- Sustained improvement in scale of operation and sustenance of operating margin, leading to higher cash accruals of more than Rs. 3 crores
- Sustained improvement in working capital cycle

##### **Downward factor**

- Decline in net cash accruals below Rs 1 crore on account of decline in revenue or operating profits.
- Witnesses a substantial increase in its working capital requirements or large debt funded capital expenditure thus weakening its liquidity & financial profile.

#### **About the Group**

CL was incorporated in February 1973 by Late Mr. Suresh Chandra Agrawal. The company is listed on Bombay Stock Exchange (BSE).CL is engaged in manufacturing electric overhead travelling (EOT) cranes, gantry cranes, elevators and escalators. It's manufacturing facility is located at Sahibabad Industrial Area (Uttar Pradesh).

CL is currently headed by Mr. Piyush Agarwal (Managing Director), Mr. Chaitanya Agarwal (Whole Time Director- CFO) along with other directors.

ICEEIPL was incorporated in June 2017. It was setup for executing the Elevators and Escalator contracts awarded to Cranex and IFE.

#### **Key Financial Indicators (Consolidated)**

As on / for the period ended March 31		2023	2022
Operating income	Rs crore	41.38	40.15
Reported profit after tax	Rs crore	0.12	0.73
PAT margins	%	0.28	1.83
Adjusted Debt/Adjusted Net worth	Times	0.79	0.73
Interest coverage	Times	2.35	1.96

**Any other information:** Not applicable

#### **Note on complexity levels of the rated instrument:**

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### **Annexure - Details of Instrument(s)**

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned
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							<b>with outlook</b>
NA	Cash Credit	NA	NA	NA	9	NA	CRISIL BB/Stable
NA	Bank Guarantee	NA	NA	NA	15	NA	CRISIL A4+
NA	Bill Discounting	NA	NA	NA	5	NA	CRISIL A4+
NA	Inland/Import Letter of Credit	NA	NA	NA	2.5	NA	CRISIL A4+
NA	Proposed Working Capital Facility	NA	NA	NA	0.08	NA	CRISIL BB/Stable
NA	Working Capital Term Loan	NA	NA	Mar-25	0.42	NA	CRISIL BB/Stable

**Annexure – List of entities consolidated**

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Cranex Limited	Full	Operate in the same industry and have operational and financial linkages
IFE Cranex Elevators And Escalators India Private Limited (ICEE IPL)	25%	

**Annexure - Rating History for last 3 Years**

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund Based Facilities</b>	ST/LT	14.5	CRISIL BB/Stable / CRISIL A4+		--		--		--		--	--
<b>Non-Fund Based Facilities</b>	ST	17.5	CRISIL A4+		--		--		--		--	--

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	15	Canara Bank	CRISIL A4+
Bill Discounting	5	Canara Bank	CRISIL A4+
Cash Credit	9	Canara Bank	CRISIL BB/Stable
Inland/Import Letter of Credit	2.5	Canara Bank	CRISIL A4+
Proposed Working Capital Facility	0.08	Not Applicable	CRISIL BB/Stable
Working Capital Term Loan	0.42	Canara Bank	CRISIL BB/Stable

**Criteria Details**

<b>Links to related criteria</b>
<a href="#">CRISILs Approach to Financial Ratios</a>
<a href="#">Rating criteria for manufacturing and service sector companies</a>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">The Rating Process</a>
<a href="#">CRISILs Criteria for Consolidation</a>

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