March 28, 2024

Veljan Denison Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund Based – Cash Credit	32.00	32.00	[ICRA]BBB+ (Stable); withdrawn
Long Term – Fund Based – Bank Guarantee	3.00	3.00	[ICRA]BBB+ (Stable); withdrawn
Short Term – Non-Fund Based – Other	10.00	10.00	[ICRA]A2; withdrawn
Long Term – Unallocated	12.00	12.00	[ICRA]BBB+ (Stable); withdrawn
Total	**57.00**	**57.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of **Veljan Denison Limited** at the request of the company and based on the No Objection Certificate received from the bankers, and in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key rating drivers, Liquidity position and Rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: Click here

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of VDL and its subsidiary Adan Holdings Limited.

About the company

Veljan Denison Limited (VDL), incorporated in 1973, is a listed company on the BSE. It manufactures hydraulic vane pumps, motors, valves and power pack systems. The company has its manufacturing unit at Patancheru, Hyderabad. The company is promoted by Mr. V C Janardan Rao, a qualified engineer with specialisation in fluid power. The company indigenously manufactures precision engineering components and has its own research and development (R&D) wing.

Key financial indicators (audited):

VDL (Standalone)	FY2022	FY2023	9MFY2024*
Operating Income (Rs. crore)	97.8	110.6	90.8
PAT (Rs. crore)	16.9	14.6	14.8
OPBDIT/OI (%)	26.2%	21.1%	24.6%
PAT/OI (%)	17.3%	13.2%	16.3%
Total Outside Liabilities/Tangible Net Worth (times)	0.18	0.19	-
Total Debt/OPBDITA (times)	0.27	0.40	-
Interest Coverage (times)	111.4	30.1	26.0

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; Provisional numbers*

VDL (Consolidated)	FY2023	9MFY2024*
Operating Income (Rs. crore)	120.6	100.9
PAT (Rs. crore)	16.0	16.3
OPBDIT/OI (%)	21.3%	24.6%
PAT/OI (%)	13.3%	16.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.21	-
Total Debt/OPBDITA (times)	0.37	-
Interest Coverage (times)	32.8	28.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)					Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount Outstanding (Rs. crore) As on March 28, 2024	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Mar 28, 2024	Aug 01, 2023	Dec 06, 2022	Dec 03, 2021	Feb 16, 2021
1	Cash Credit	Long Term	32.00	-	**[ICRA]BBB+(Stable); withdrawn**	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	Bank guarantee	Long Term	3.00	-	**[ICRA]BBB+(Stable); withdrawn**	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	Letter of Credit	Short Term	10.00	-	**[ICRA]A2; withdrawn**	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2
4	Unallocated	Long Term	12.00	-	**[ICRA]BBB+(Stable); withdrawn**	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Positive)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund Based – Cash Credit	Simple
Long Term – Fund Based – Bank Guarantee	Very Simple
Short Term – Non-Fund Based – Other	Very Simple
Long Term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here]

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Cash credit**	NA	NA	NA	32.00	[ICRA]BBB+ (Stable); withdrawn
NA	**Bank guarantee**	NA	NA	NA	3.00	[ICRA]BBB+ (Stable); withdrawn
NA	**Letter of credit**	NA	NA	NA	10.00	[ICRA]A2; withdrawn
NA	**Unallocated**	NA	NA	NA	12.00	[ICRA]BBB+ (Stable); withdrawn

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company Name	VDL Ownership	Consolidation Approach
Adan Holdings Limited	100.00%	Full Consolidation

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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