

November 03, 2020

Onward Technologies Limited - Update on Material Event

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Fund based – working capital facilities	13.75	[ICRA]BBB-(Stable)
Long term – fund based / non fund based facilities	1.00	[ICRA]BBB-(Stable)
Short term – non fund based facilities	1.00	[ICRA]A3
Total	15.75	

Material Event

Onward Technologies Limited (OTL or the company) has announced its quarterly results for Q2FY2021 on October 23, 2020. In the press release, the company has mentioned that during Q2FY2021, it has received an intimation about a legal suite filed by the lessor of an office premises taken on lease by the Group. The legal suite has been filed by the lessor in response to the termination notice sent by the company invoking the relevant provisions of the agreement. The lessor has demanded total compensation amounting to Rs. 7.97 crore, which mainly includes the rent for the non-cancellable lease period.

Impact of the Material Event

The ratings remain unchanged at the earlier rating of [ICRA]BBB-(Stable)/[ICRA]A3. As per the discussion with the management, based on legal opinion obtained by the company, the management does not expect any material liability arising from the litigation. Furthermore, the accrual and liquidity position of the company remain comfortable, providing adequate cushion in this regard, given that the company had Rs. 34.85 crore of cash and equivalent balance at consolidated level as on September 30, 2020. ICRA, however, will continue to monitor developments in this regard and would evaluate the impact of the same on the business profile of OTL.

The previous detailed rating rationale is available on the following link: [Click here](#)

Analyst Contacts

K. Ravichandran

+91 44 4596 4301

ravichandran@icraindia.com

Rupa Pandey

+91 22 6114 3456

rupa.pandey@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Yashowardhan Swami

+91 20 6606 9923

yashowardhan.swami@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents