

**Gluhend India Private Limited**

(A Sage Group Company)

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CIN - U74994MH2017FTC303216



Date: 03.03.2023

To,  
The Secretary (Listing Department),  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, 21<sup>st</sup> Floor, Fort,  
Mumbai – 400 001

**Scrip Code: 957731**

**Sub: Intimation of Review of Credit Rating pursuant to Regulation 55 of SEBI (LODR) Regulations, 2015**

Dear Sir,

This is to inform that pursuant to the provisions of Regulation 55 of SEBI (LODR) Regulations, 2015, the credit rating of our Secured Non-Convertible Privately Placed Debt Securities has been reviewed by CARE Ratings Limited.

In accordance with the regulations, please find below the details of the rating provided to the Debt Securities of the Company.

S. No.	ISIN	Name of CRA	Credit Rating Assigned	Outlook	Rating Action	Date of Credit Rating	Verification Status of CRA	Date of Verification
1.	INE744Z07027	CARE RATINGS LIMITED	CARE C	No Outlook	New Assigned	02-03-2023	Verified	03-03-2023

The rating letter issued by CARE Ratings Limited is attached herewith for your perusal.

Please take the above information on record.

Thanking You,

Yours sincerely,

**For GLUHEND INDIA PRIVATE LIMITED**

**Isha Gupta**  
**Company Secretary**  
**(Mem. No. – 22178)**

## Gluhend India Private Limited

March 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Non-Convertible Debentures	263.00	CARE C	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the Non-Convertible Debentures (NCD – ISIN INE744Z07027) of Gluhend India Private Limited (GIPL) is constrained by weak operational performance of the company marked by consistent net losses over the past few years, leveraged financial risk profile, history of default and the refinancing risk for upcoming NCD redemption due in Q1FY24 (refers to the period from April 1 to June 30). The ratings are further constrained by GIPL's vulnerability of margins to commodity inflation and foreign exchange fluctuations. The ratings, however, derives strength from parent support with long track record of operations and long-standing association with customers and suppliers.

### Rating sensitivities: Factors likely to lead to rating actions.

#### Positive factors

- Sustainable improvement in the scale of operations while maintaining PBILDT margin of above 20% on sustained basis.
- Timely refinancing of NCDs' prior to due date
- Efficient management of working capital operations thereby leading to improved liquidity and debt coverage metrics on sustained basis.

#### Negative factors

- Any significant down trend in scale of operations with PBILDT margin falling consistently below ~10%
- Any delay in redemption/re-financing of NCD's interest and principal payments due in June 2023.

### Analytical approach: Standalone

#### Key weaknesses

**History of default and restructuring; albeit regular and timely interest payment:** Gluhend India Private Limited was incorporated in December 2017 by New York based Private Equity firm Delos Capital Management as part of leveraged buy-out, acquiring 90% stake in Delhi based manufacturer and exporter of Industrial & Automotive parts, Sage Metal Private Limited (SMPL) and its subsidiary Sage International Inc. SMPL was merged into GIPL in FY19. The total consideration of Rs.446.13 Cr was funded through NCD of Rs.317.50 Cr and rest through equity infusion/Preference shares by the sponsors. The NCDs' were issued by the company in March 2018, with quarterly coupon payments and redemption of principal payments (with deferred interest) on June 30, 2021. Subsequently, owing to weak financial performance post acquisition and Covid-19 pandemic, the company defaulted for redemption of NCDs' in June 2021 and NCDs' were restructured with redemption of NCDs' rescheduled for June 30, 2023 as against earlier redemption date of June 30, 2021. However, the company has been regular in making coupon payments since December 2021 through cash generated from operations.

**Refinancing risk for upcoming NCD redemption payments:** NCDs' redemption bullet payments of Rs. 263.00 cr are due on June 30, 2023. However, the current cash accruals do not commensurate with the bullet repayment. Thus, the company is looking for refinancing the entire debt, after having been restructured by the existing lender once. The ability to refinance in a timely manner will be a key monitorable.

**Weak operational performance:** In FY18, Sage Metals Private Limited (SMPL) was acquired by Delos Capital Management through a leverage buyout and the acquired entity was merged into GIPL. Post-acquisition, the financial performance of the company remained weak marked by net losses in the past few years due to high interest expenses due to leveraged buyout, one-time expenses post restructuring like due diligence charges, legal & professional fees, restructuring cost, re-work cost for one of the customers during FY20-FY21, and Covid-19 pandemic effect. The company reported a growth of CAGR of ~12% for the period FY19-22 and reported an operating income of Rs. 537.70 cr. (PY: Rs. 332.97 cr.) in FY22. However, profitability of the company stood weak due to above mentioned reasons. The company reported an PBILDT margin of 8.33% for FY22 as compared to 5.63% (adjusted for one-time expenses) for FY21 and PAT margin of negative 10.80% for FY22 as compared to negative 10.26% for FY21. Further, for 9MFY23, the company has reported an operating income of Rs. 395.60 cr.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Leveraged financial risk profile:** The financial risk profile of the company stood leveraged marked by overall gearing of 2.05x as on March 31, 2022 as compared with 1.53x as on March 31, 2021 and total debt to GCA ratio of 27.45x as on March 31, 2022 as compared with negative 14.74 cr. as on March 31, 2021. Financial risk profile of the company has deteriorated over the years owing to leverage buyout and erosion of net worth due to accumulated losses.

**Exposed to Commodity inflation and forex risk:** The key raw materials required for the company include steel, aluminium, copper etc. The prices of metals (especially steel) have shown volatility in the past years; however, the prices are now moderating. Further, the company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's export revenue (95% of total revenue), long term foreign currency borrowings (by subsidiaries) and company's net investment in foreign subsidiaries and associates. Due to absence of any natural hedge, on account of no imports, the profitability margins of the company are susceptible to any adverse fluctuations in the foreign currency rates.

### Key strengths

**Parent Support:** The business of Sage Metal Private Limited was taken over by Delos Capital Management, New York based private equity firm and merged into Gluhend India Private Limited. Delos Capital Management, incorporated in 2013, is having \$500 million capital under management and has made 50+ acquisitions since inception. Further, during the month of August 2022, the parent group has remitted funds amounting to \$12.5 million (~Rs. 98.28 cr) and equity shares (31.48 cr shares issued @ Rs.3.12 (Face Value Rs. 1) were allocated. The same was utilised towards deferred interest payments (\$10 million/Rs. 78.63 cr.) and balance towards restructuring charges by the company.

**Long track record of operations and long-standing association with customers and suppliers:** The running business of Sage Metal Private Limited, operational since 1983, was merged into Gluhend India Private Limited in FY18. The company is engaged in exporting (USA and Canada region) die-cast components made of steel, copper, aluminium, zinc, and iron, which are used in electrical fittings, industrial castings, sanitary drainage fittings, automotive components, and water pump accessories. Over the years, the company has developed long term relations with its customers and enjoys established market position. Further, the company is also having manufacturing facilities in USA through its subsidiaries.

### Liquidity: Poor

The company has poor liquidity characterized by low cash accruals of Rs. 11.43 cr. and cash flow from operations of Rs. 36.10 cr. for FY22 as against upcoming NCD redemption payments of Rs. 263.00 cr along with deferred interest payments in June 2023. The company is exploring options for refinancing of NCDs' and timely refinancing of the NCDs' will be a key monitorable going forward. The current ratio and quick ratios of the company stood satisfactory at 1.66x and 1.15x respectively, as on March 31, 2022. The company does not have any debt obligations other than NCD's. The company is not having any capex plans in medium term.

### Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Manufacturing Companies](#)

### About the company and industry

#### Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Capital Goods	Industrial Products	Castings & Forgings

Incorporated in 2017, Gluhend India Private Limited is sponsored by New York based Private Equity firm Delos Capital Management. The company took over the business of Sage Metal Private Limited (SMPL) and is engaged in export die-cast components made of steel, copper, aluminium, zinc, and iron; which are used in electrical fittings, industrial castings, sanitary drainage fittings, automotive components, and water pump accessories and has manufacturing facilities each in Bawal (Haryana), Faridabad (Haryana) and Sahibabad (Uttar Pradesh). Further, Sage International Inc (SII), incorporated in July 1999 in the US, is a wholly owned subsidiary of GIPL (acquired by SMPL pre-acquisition) and acts as its marketing and warehousing arm in the US and Canada. Trident Components and Jayco Manufacturing, subsidiaries of SII based in USA, are engaged in manufacturing and trading of metal components (same line of business) having 2 manufacturing facilities in USA.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total operating income	332.97	537.70	395.60
PBILDT	18.74	44.80	NA
PAT	-34.17	-58.05	NA
Overall gearing (times)	1.53	2.05	NA
Interest coverage (times)	0.33	0.76	NA

A: Audited A: Audited; UA: Unaudited; NA: Not Available

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Non Convertible Debentures	INE744Z07027	12-Mar-2018	12.90	30/06/2023	263.00	CARE C

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Debentures-Non Convertible Debentures	LT	263.00	CARE C	-	-	-	-

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities-** Not Applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

### Contact us

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#### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

#### Disclaimer:

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