

January 09, 2024

Jiangyin Uni-Pol Vacuum Casting India Pvt. Ltd.: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term – Fund-based / Cash Credit	111.00	111.00	[ICRA]BBB (Negative)
Long-term – Fund-based / Term Loan	40.92	40.92	[ICRA]BBB (Negative)
Short-term – Non-fund based	38.60	38.60	[ICRA]A3+
Long-term/ Short-term – Unallocated	9.48	9.48	[ICRA]BBB (Negative) / [ICRA]A3+
Total	200.00	200.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

Following the receipt of FY2023 audited financial statements of Jiangyin Uni-Pol Vacuum Casting India Pvt. Ltd. (JUPL) on January 2, 2024, ICRA has observed disclosures made by the auditor about few overdues towards the credit facilities availed by the company during the year, which were due to technical issues. The auditor has also mentioned that there is no overdue, excess or default in repayment obligation of the company with any bank and the banks have reported the account as standard in their regulatory reporting. Further, as per our discussion with the management and the bankers and the data provided by the management, JUPL had sufficient cash balances in its bank accounts during the months the delays were observed by the auditor.

Impact of Material Event

As per the clarifications sought from the lenders and the management, ICRA notes the delays in serving JUPL's debt obligations are on account of technical issues at the lenders' end, despite the company maintaining sufficient funds to service the debt obligations and not because of inadequacy of funds or a lack of willingness to pay the dues. ICRA has thus considered the missed payments as technical delays and not a default, in line with its Policy on Default Recognition. JUPL's ratings remain unchanged at [ICRA]BBB (Negative)/ [ICRA]A3+.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position and Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components Policy on Default Recognition
Parent/Group Support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of JUPL.

About the company

JUPL, incorporated in FY2009, is positioned as a tier-2 component supplier, engaged in manufacturing turbine wheels used in turbochargers of vehicles. The company supplies turbine wheels mainly to the automotive industry, for passenger vehicle (PV) and commercial vehicle (CV) segments. It was part of the Uni-Pol Group, which was acquired by the Doncasters Group in FY2023. JUPL, in turn, owns ~99.9% stake in a manufacturing unit in Mexico, UPM Casting SA DE CV, which is also involved in providing precision components to the automotive and aerospace industries.

JUPL has a manufacturing capacity of 10.0 million units per annum. Its manufacturing plant is at Pimple Jagtap, Pune (Maharashtra). JUPL's revenue profile is dominated by exports, which typically contribute ~80-85% of its standalone revenues.

Key financial indicators (audited)

JUPL	FY2022 Audited	FY2023 Audited
Operating Income (Rs. crore)	388.6	483.1
PAT (Rs. crore)	18.4	-5.5
OPBDIT/OI (%)	11.2%	2.3%
PAT/OI (%)	4.7%	-1.1%
Total Outside Liabilities/Tangible Net Worth (times)	1.7	2.4
Total Debt/OPBDIT (times)	3.2	16.1
Interest Coverage (times)	3.6	0.8

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: JUPL, ICRA Research

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 as of March 31, 2023 (Rs. crore)	Date & Rating in	Date & Rating in FY2023	Date and Rating in FY2022	Date and Rating in FY2021
					Jan 9, 2024 Nov 23, 2023			
1	Cash Credit	Long-term	111.00	NA	[ICRA]BBB(Negative)	[ICRA]BBB&	[ICRA]BBB (Stable)	-
2	Term Loans	Long-term	40.92	37.11	[ICRA]BBB(Negative)	[ICRA]BBB&	[ICRA]BBB (Stable)	-
3	Non Fund Based Facilities	Short-term	38.60	NA	[ICRA]A3+	-	-	-
4	Unallocated Limits	Long-term / Short-term	9.48	NA	[ICRA]BBB(Negative)/ [ICRA]A3+	[ICRA]BBB&/ [ICRA]A3+&	[ICRA]BBB (Stable) / [ICRA]A3+	-
5	Interchangeable Facilities	Long-term / Short-term	-	-	-	[ICRA]BBB&/ [ICRA]A3+&	[ICRA]BBB (Stable) / [ICRA]A3+	-
6	Working Capital Term Loan	Long-term	-	-	-	[ICRA]BBB&	-	-

Source: Company; &: On rating watch with developing implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash Credit Facilities	Simple
Term Loan Facilities	Simple
Non Fund Based Facilities	Very Simple
Unallocated Limits	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-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Working Capital Facilities	NA	NA	NA	111.00	[ICRA]BBB (Negative)
NA	Term Loan -1	Jan-2022	NA	Dec-2027	30.00	[ICRA]BBB (Negative)
NA	Term Loan -2	Dec-2020	NA	Nov-2025	10.92	[ICRA]BBB (Negative)
NA	Non-fund Based Limits	NA	NA	NA	38.60	[ICRA]A3+
NA	Unallocated Limits	NA	NA	NA	9.48	[ICRA]BBB (Negative)/ [ICRA]A3+

Source: Company

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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