

February 20, 2024

Neosym Industry Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based/ Term Loans	84.53	84.53	[ICRA]BBB+(Positive); withdrawn
Long-term – Fund-based/ Cash Credit	107.00	107.00	[ICRA]BBB+(Positive); withdrawn
Long-term/ Short-term – Non-fund Based Limits	36.00	36.00	[ICRA]BBB+(Positive)/[ICRA]A2; withdrawn
Total	227.53	227.53	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Neosym Industry Limited (Neosym) at the request of the company, and based on the no objection certificates received from the bankers, and in accordance with ICRA's policy on withdrawal of ratings. ICRA does not have adequate information to suggest that the credit risk has changed since the time the rating was last reviewed. The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn.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 Rating Methodology for Auto Components ICRA Policy on Withdrawal of Credit Ratings
Parent/Group Support	The rating assigned to Neosym factors in the high likelihood of its parent group, the CK Birla Group, extending financial support to it out of its need to protect its reputation from the consequences of a group entity's distress. There exists a consistent track record of the Group extending timely financial support to Neosym, whenever a need has arisen.
Consolidation/Standalone	The ratings are based on the standalone financial statements of Neosym Industry Limited.

About the company

Incorporated in 1932, Neosym Industry Limited (formerly known as 'The Indian Smelting and Refining Company Limited') is part of the CK Birla Group. Neosym manufactures grey and spheroidal graphite (SG) iron castings for the automotive, agriculture, earthmoving and engineering industries. It has a reputed clientele, which includes Tata Cummins Private Limited, Daimler India Commercial Vehicles, Eaton Corporation, ZF Steering Gears, John Deere India, etc. It derives 25-30% of its revenues from overseas markets, such as the US, Spain, the UK and Thailand, where it exports components like axle arms and hubs, hitch frames, torque plates and differential cases. The company sources most of its raw material requirements indigenously. It has a manufacturing unit in Pune (Maharashtra) with a production capacity of 70,800 MT/annum. Neosym also holds a stake in AVTEC Limited, a manufacturer of powertrain and precision engineered products in India.

Key financial indicators

Neosym (Standalone)	FY2022 Audited	FY2023 Audited
Operating Income (Rs. crore)	673.3	869.6
PAT (Rs. crore)	31.8	45.7
OPBDIT/OI (%)	4.7%	7.1%
PAT/OI (%)	4.7%	5.2%
Total Outside Liabilities/Tangible Net Worth (times)	2.8	2.0
Total Debt/OPBDIT (times)	7.4	3.4
Interest Coverage (times)	1.1	2.2

Source: Neosym, ICRA Research; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; Total debt also includes acceptances

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 & Rating in FY2022		Date & Rating in FY2021	
					20-Feb-24	7-Jul-23		8-Sep-21	30-Aug-21	7-Oct-20	5-May-20
1	Term Loans	Long-term	84.53	76.98	[ICRA]BBB+ (Positive); withdrawn	[ICRA]BBB+ (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)
2	Cash Credit	Long- term	107.00	NA	[ICRA]BBB+ (Positive); withdrawn	[ICRA]BBB+ (Positive)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)
3	Non-Fund Based	Long-term / Short- term	36.00	NA	[ICRA]BBB+ (Positive)/ [ICRA]A2; withdrawn	[ICRA]BBB+ (Positive)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+	[ICRA]BBB (Negative)/ [ICRA]A3+	[ICRA]BBB+ (Negative)/ [ICRA]A2
4	Unallocated	Long- term	-	NA	-	-	-	-	[ICRA]BBB (Stable)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Term Loans	Simple
Long Term – Cash Credit	Simple
Long Term / Short Term – Non-Fund Based	Very Simple

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	Term Loan – I	April 2019	NA	December 2026	22.33	[ICRA]BBB+ (Positive); withdrawn
NA	Term Loan – II	June 2020	NA	June 2025	30.00	[ICRA]BBB+ (Positive); withdrawn
NA	Term Loan – III	September 2020	NA	June 2025	17.50	[ICRA]BBB+ (Positive); withdrawn
NA	Term Loan – IV	June 2019	NA	June 2024	14.70	[ICRA]BBB+ (Positive); withdrawn
NA	Working Capital Facilities	NA	NA	NA	107.00	[ICRA]BBB+ (Positive); withdrawn
NA	Non Fund Based Facilities	NA	NA	NA	36.00	[ICRA]BBB+ (Positive)/ [ICRA]A2; withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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About ICRA Limited:

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Branches



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