

November 27, 2025

Versatile Alucast Private Limited: Rating upgraded to [ICRA]B+(Stable)

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based - Cash credit	6.40	6.40	[ICRA]B+(Stable); Upgraded from [ICRA]B(Stable)
Long term – Fund-based - Term loan	11.10	11.10	[ICRA]B+(Stable); Upgraded from [ICRA]B(Stable)
Total	17.50	17.50	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade of Versatile Alucast Private Limited (VAPL) reflects an improvement in the operating profit margin (OPM) to 8.2% in FY2025 from 7.9% in FY2024, supported by healthy capacity utilisation and new product development initiatives to diverse customers in automobile industries. The company's profitability and revenue are expected to remain stable over the near-to-medium term, aided by a robust order book of around Rs. 90 crore for FY2026, out of which Rs. 39.5 crore has been executed in 6M FY2026. The rating continues to derive comfort from the promoters' extensive experience of over four decades in the auto component manufacturing industry and VAPL's established relationships with reputed domestic and international original equipment manufacturers (OEMs). VAPL's financial flexibility is further supported by interest-free unsecured loans from the directors, which provide liquidity support when required. The planned capacity enhancements are expected to offer additional headroom for business growth.

The rating is, however, remained constrained by VAPL's relatively small scale of operations within the highly fragmented auto component machining industry. The client concentration risk is high, with a single customer contributing around 51% to revenues in FY2025. The company's capital structure is modest, driven by low net worth due to limited accretion to reserves over the years. The debt coverage metrics and liquidity remain stretched, with minimal cash surplus available for debt servicing. Sustained generation of adequate net cash accruals, along with access to free cash and undrawn credit lines, will be critical for timely debt repayment. Besides, the company remains exposed to the inherent cyclicity of the auto industry and volatility in prices of aluminium, its key raw material.

The Stable outlook on the long-term rating reflects ICRA's expectation that VAPL will maintain its revenue and profitability, supported by healthy demand from the end-user segments and its strong relationships with reputed OEMs.

Key rating drivers and their description

Credit strengths

Long track record of promoters in auto components industry – VAPL, established in 2012, specialises in machining aluminium casting components for the automotive industry. It is a part of the Kolhapur-based Versatile Group, which has over four decades of expertise in auto components manufacturing. The company is led by Mr. Yatin Janwadkar, a mechanical engineer, and his son, Mr. Prabhakar Janwadkar, both of whom have more than a decade of experience in the auto machining sector.

Established relationship with reputed OEMs – VAPL serves leading automobile manufacturers across passenger vehicles, commercial vehicles, and tractor segments, with no single segment contributing more than 30% to the total revenue. The

company has recently ventured into electric vehicle components, leading to an uptick in orders. Additionally, VAPL has developed strong relationships with OEMs, ensuring consistent repeat business.

Credit challenges

Leveraged capital structure with weak coverage indicators and stretched liquidity position – VAPL’s capital structure remains leveraged, primarily due to its modest net worth stemming from limited accretion to reserves over the years. However, a portion of the total debt comprises unsecured, interest-free loans from the directors with no fixed repayment schedule, providing some financial flexibility. Supported by improved operating profitability, the company’s coverage indicators strengthened in FY2025, reflected in an interest coverage ratio of 3.0 times and a Total Debt/OPBITDA of 6.1 times. Going forward, sustaining or further improving the company’s operating margins on a year-on-year basis will be critical for maintaining its financial profile and reducing leverage. The working capital intensity continues to be high, with average utilisation of around 99% of sanctioned limits during the 12-month period ended September 2025, reflecting the company’s dependence on external funding for day-to-day operations. Going forward, adequate net cash accruals, coupled with the availability of free cash and undrawn credit lines, will remain critical for meeting debt obligations and supporting liquidity.

Small scale of operations; however, improving gradually – Following capacity expansion to 3,260 metric tonnes per annum (MTPA in FY2023), utilisation began to rise and has stabilised at 76-77% from FY2024 through the first half of FY2026. Given the product mix constraints and other operational factors, the company expects to achieve a maximum utilisation of 80-85%.

High client concentration risks – VAPL faces significant client concentration risk, with a single customer accounting for approximately 49% of total revenues in FY2024 and rising to 51% in FY2025. This reliance underscores the company’s exposure to the performance and procurement decisions of its key client. However, these are prominent OEMs with which VAPL shares long relationships, as reflected in the consistent flow of orders. The company has a robust order book of Rs. 90 crore for FY2026, of which Rs. 39.5 crore has already been executed in the first six months of the fiscal, indicating strong demand visibility and sustained business momentum.

Exposed to intense competition limits pricing power – India’s auto component machining industry is highly fragmented, with numerous unorganised players creating significant pricing pressure. VAPL’s primary raw material, aluminium, is subject to price volatility. Although these fluctuations are generally passed on to the customers through quarterly price revisions, the company’s margins remain vulnerable to movements in raw material prices.

Liquidity position: Stretched

VAPL’s liquidity is stretched with marginal cash flow from operations, limited buffer in undrawn working capital limits, along with scheduled repayment obligations. The average utilisation level for the last 12 months (ending in September 2025) stood at 99%. The firm has debt repayment of Rs. 1.1 crore and nominal capex plans in FY2026, which are likely to be funded by cash generation from the business.

Rating sensitivities

Positive factors – A sustained improvement in the revenue and earnings leading to improvement in liquidity position. Specific credit metrics include DSCR above 1.1 times on a sustained basis could lead to rating upgrade.

Negative factors – Any deterioration in the revenue and earnings leading to weakening of liquidity and debt protections metrics on sustained basis could lead to rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone financials have been considered

About the company

Versatile Alucast (VAPL), established in 2012, is a part of the Versatile Group and specialises in manufacturing aluminium casting components with an installed production capacity of approximately 3,200 MTPA. The company primarily caters to the automobile sector, supplying a wide range of components to a large customer base.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	53.9	52.9
PAT	0.1	0.6
OPBDIT/OI	7.9%	8.2%
PAT/OI	0.2%	1.1%
Total outside liabilities/Tangible net worth (times)	33.1	23.3
Total debt/OPBDIT (times)	6.8	6.1
Interest coverage (times)	2.4	3.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	Nov 27, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	11.10	[ICRA]B+ (Stable)	Aug 30, 2024	[ICRA]B (Stable)	29-May-23	[ICRA]B (Stable)	-	-
Cash credit	Long-term	6.40	[ICRA]B+ (Stable)	Aug 30, 2024	[ICRA]B (Stable)	29-May-23	[ICRA]B (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan	Simple
Long-term fund-based – Cash credit	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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2018-FY2022	9.5%	FY2029	11.10	[ICRA]B+ (Stable)
NA	Cash credit	-	9.5%	-	6.40	[ICRA]B+ (Stable)

Source: Company

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

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

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