

October 12, 2023

DR Axion India Private Limited: Ratings withdrawn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Long-term Fund-based – Term loan	197.00	197.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
Long-term – Fund based/ Cash Credit	30.00	30.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
Short-term fund based	35.00	35.00	[ICRA]A2 rating watch with developing implications; withdrawn
Total	262.00	262.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of DR Axion India Private Limited at the request of the company and based on the No Objection Certificate (NOC) received from the bank, and in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have 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key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instruments are being withdrawn.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 Component Suppliers ICRA policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

Incorporated in December 2006, DRAIPL manufactures cylinder heads, a critical auto component used in PVs as outer shell of internal combustion engines. The company caters to cylinder head requirements of three OEMs – (Hyundai Motors India Limited) HMIL, (Kia Motors India Private Limited) KMIPL and (Mahindra Heavy Engines Limited) MHEL- with a significant part of its revenues derived from HMIL. The company has a single manufacturing facility in Chennai with a production capacity of 11,00,000 units, involving low pressure and gravity die casting processes. Craftsman Automation Limited Holds 76.0% stake in the company while Daerim International Co. Ltd holds the remaining stake currently.

Key financial indicators (audited)

DRAIPL - Standalone	FY2022	FY2023
Operating income	715.9	1,084.1
PAT	-6.8	58.4
OPBDIT/OI	7.6%	13.4%
PAT/OI	-0.9%	5.4%
Total outside liabilities/Tangible net worth (times)	1.9	1.6
Total debt/OPBDIT (times)	4.7	1.1
Interest coverage (times)	2.8	6.4

Amount in Rs crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities; * Based on best available information

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as of March 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022		Date & rating in FY2021
				October 12, 2023	February 10, 2023	April 06, 2022	May 31, 2021	-
1 Term loans	Long term	197.00	-	[ICRA]BBB+; rating watch with developing implication; withdrawn	[ICRA]BBB+; placed on watch with developing implication	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-
2 Cash Credit	Long term	30.00	--	[ICRA]BBB+; rating watch with developing implication; withdrawn	[ICRA]BBB+; placed on watch with developing implication	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	-
3 Short Term Fund based	Short term	35.00	--	[ICRA]A2; rating watch with developing implication; withdrawn	[ICRA]A2; placed on watch with developing implication	[ICRA]A2	[ICRA]A2	-
4 Unallocated	Long-term /Short Term	-	--	-	-	-	[ICRA]BBB+ (Stable)/ [ICRA]A2	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term fund-based – Cash Credit	Simple
Short Term 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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan - I	Sep-2020	8.00%	Sep-2026	75.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Term Loan - II	Oct-2021	6.70%	Sep-2026	42.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Term Loan – III	Sep-2021	6.70%	Jun-2029	50.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Term Loan – IV	Jan-2021	7.25%	Jan-2026	20.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Term Loan –V	Jan-2021	6.70%	Jan-2026	10.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Cash Credit -I	NA	8.00%	NA	5.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Cash Credit -II	NA	6.70%	NA	15.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Cash Credit -III	NA	7.50%	NA	10.00	[ICRA]BBB+ rating watch with developing implications; withdrawn
NA	Short Term Fund based	NA	7.60%	NA	35.00	[ICRA]A2 rating watch with developing implications; withdrawn

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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Branches



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