

August 22, 2024

## Radheya Machining Limited: Moved to Non-Cooperating category, Ratings downgraded based on best available information

### Summary of rating action

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based –Term loan	11.13	11.13	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and moved to the 'Issuer Not Cooperating' category
Long Term-Unallocated	38.87	38.87	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and moved to the 'Issuer Not Cooperating' category
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	

\*Issuer did not cooperate; based on best available information.

<sup>^</sup>Instrument details are provided in Annexure-1

### Rationale

The rating downgrade is because of lack of adequate information regarding **Radheya Machining Limited** performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at [www.icra.in](http://www.icra.in). The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with **Radheya Machining Limited**, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy In Respect of Non-Cooperation by a Rated Entity</a> <a href="#">Auto Components</a>
Parent/Group support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of Radheya Machining Limited (RML) and Yashwant Forging Private Limited (YFPL), given the corporate guarantee provided by RML for the debt taken by YFPL, as well as the operational and financial linkages between them, coupled with their common management.

## About the company

Radheya Machining Limited, incorporated on December 13, 1999, has two manufacturing units in Sanaswadi, Pune(Maharashtra).The company is engaged in manufacturing components for engine and transmission gears, arms, levers, drive line components, ball valves, and many other automobile parts. The company is mainly a tier-1 vendor and supplier to major automobile OEMs. RML is headed by Mr. Dhananjay Bhargav (MD) and Mr. Santosh Joshi (WTD).

## Key financial indicators (audited)

RML Consolidated	FY2022	FY2023
Operating income	121.7	160.4
PAT	2.7	6.9
OPBDIT/OI	15.0%	12.9%
PAT/OI	2.2%	4.3%
Total outside liabilities/Tangible net worth (times)	2.8	2.4
Total debt/OPBDIT (times)	4.1	2.9
Interest coverage (times)	2.4	3.3

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

RML Standalone	FY2022	FY2023
Operating income	121.7	160.4
PAT	2.1	6.3
OPBDIT/OI	10.8%	9.7%
PAT/OI	1.7%	3.9%
Total outside liabilities/Tangible net worth (times)	2.3	1.9
Total debt/OPBDIT (times)	4.0	3.3
Interest coverage (times)	2.5	3.5

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

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

**Any other information: None**

## Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount Rated (Rs Crore)	Aug 22, 2024	FY2024				FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based -Term loans	Long Term	11.13	[ICRA]B+(Stable) ISSUER NOT COOPERATING	May 19, 2023	[ICRA]BB-(Stable)	Apr 05, 2023	[ICRA]BB-(Stable)	-	-	-	-
Unallocated	Long Term	38.87	[ICRA]B+(Stable) ISSUER NOT COOPERATING	May 19, 2023	[ICRA]BB-(Stable)	Apr 05, 2023	[ICRA]BB-(Stable)	-	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Long-term – Unallocated	NA

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, is available on ICRA's website: [Click Here](#)

#### Annexure-I: 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	NA	NA	NA	5.00	[ICRA]B+(Stable) ISSUER NOT COOPERATING
NA	Term Loan-2	FY2022	NA	FY2029	2.50	[ICRA]B+(Stable) ISSUER NOT COOPERATING
NA	Term Loan-3	FY2024	NA	FY2029	1.66	[ICRA]B+(Stable) ISSUER NOT COOPERATING
NA	Term Loan-4*	NA	NA	NA	1.97	[ICRA]B+(Stable) ISSUER NOT COOPERATING
NA	Unallocated	NA	NA	NA	38.87	[ICRA]B+(Stable) ISSUER NOT COOPERATING

Source: Company

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

#### Annexure-II: List of entities considered for consolidated analysis

Company Name	Relationship	LTHL Ownership	Consolidation Approach
Yashwant Forging Private Limited	Group Company	NA	Full Consolidation

Consolidated on the basis of corporate guarantee provided by the RML to the debt undertaken by YFPL as well as operations linkages and common management between the two entities.

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