

July 23, 2020

M J Casting Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loan	17.31	17.31	[ICRA]A-(Stable); withdrawn
Non-fund based limits	1.50	1.50	[ICRA]A2+; withdrawn
Long-term/short-term fund based/non-fund based limits	15.00	15.00	[ICRA]A-(Stable)/A2+; withdrawn
Unallocated	46.19	46.19	[ICRA]A-(Stable)/A2+; withdrawn
Total	80.00	80.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the long-term rating of [ICRA]A-(Stable) and short-term rating of [ICRA]A2+ assigned to the bank facilities of M J Casting Limited (MJCL). The rating has been withdrawn in accordance with ICRA's policy on withdrawal and suspension at the request of the company and based on the no objection certificate received from the issuing banks. In addition, MJCL is in the process of being amalgamated with its parent company- Minda Industries Limited (MIL, rated [ICRA]AA@/A1+). The NCLT order for the amalgamation has been received by the company and the process is expected to be completed in the near-term.

Key rating drivers and their description

Not applicable

Liquidity position

Not applicable

Rating sensitivities

Not applicable

The previous detailed rating rationale is available on the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Component Manufacturers ICRA Policy on Withdrawal and Suspension of Credit Rating
Parent/Group Support	Not applicable
Consolidation/Standalone	Not applicable

About the company

M J Casting Limited (MJCL), a wholly-owned subsidiary of Minda Industries Limited (MIL; rated [ICRA]AA@/A1+), is a manufacturer of aluminium-based die-cast components for two-wheeler (2W) and commercial vehicle (CV) OEMs. With a turnover of Rs. 314.6 crore (in FY2019), MJCL is positioned as a medium-sized auto component manufacturer. It is an established vendor of Honda Motorcycle & Scooter India (HMSI), TVS Motors and WABCO for aluminium die-cast based components such as crank case covers, cylinder head cover, rear grip, etc. The 2W segment contributes to 85-90% of its revenue base, followed by the CV segment. However, with scale up in its CV business, the exposure to 2W segment has gradually reduced over the past couple of years. MJCL has two operational plants located in Bawal and Hosur with an annual capacity of 11,600 metric tonnes per annum (MTPA). In H1 FY2020, the company's capacity utilisation stood at 78%.

MJCL was set up in FY2011 as a 50:50 joint venture between MIL and Neel Metals Products Limited (rated [ICRA]A- &/A2+). However, over the past few years, MIL increased its stake in the company to 100% in two tranches in August 2015 and July 2017 by infusing Rs. 16.17 crore on a cumulative basis. MJCL is in the process of being amalgamated with MIL. The NCLT order for the amalgamation has been received by the company.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	281.1	314.6
PAT (Rs. crore)	13.8	18.2
OPBDIT/OI (%)	14.7%	14.9%
RoCE (%)	19.7%	24.0%
Total Outside Liabilities/Tangible Net Worth (times)	1.5	1.0
Total Debt/OPBDIT (times)	1.5	1.3
Interest Coverage (times)	8.7	12.3
DSCR	1.4	1.5

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Rating History for the Past 3 Years		
		Type	Amount Rated	Amount Outstanding*	Rating	FY2020	FY2019	FY2018
					23-Jul-2020	-	14-Jan-2019	22-Sep-2017
1	Term Loan	Long Term	17.31	0.00	[ICRA]A-(Stable); withdrawn	-	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)
2	Non-fund based limits	Short Term	1.50	NA	[ICRA]A2+; withdrawn	-	[ICRA]A2+	[ICRA]A2
3	Long-term/ short-term fund based/ non-fund based limits	Long Term and Short Term	15.00	NA	[ICRA]A-(Stable)/A2+; withdrawn	-	[ICRA]A-(Stable)/A2+;	[ICRA]BBB+ (Stable)/A2
4	Unallocated	Long Term and Short Term	46.19	NA	[ICRA]A-(Stable)/A2+; withdrawn	-	[ICRA]A-(Stable)/A2+;	[ICRA]BBB+ (Stable)/A2

Amount in Rs. crore; *As on March 31, 2020

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	October 2016	NA	March 2021	17.31	[ICRA]A-(Stable) withdrawn
NA	Non-fund based limits	NA	NA	NA	1.50	[ICRA]A2+ withdrawn
NA	Long-term/ short-term fund-based/ non-fund based limits	NA	NA	NA	15.00	[ICRA]A-(Stable)/A2+ withdrawn
NA	Unallocated	NA	NA	NA	46.19	[ICRA]A-(Stable)/A2+ withdrawn

Source: M J Casting Limited

Analyst Contacts

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Shamsher Dewan

+91 124 4545 300

shamsherd@icraindia.com

Arushi

+91 124 4545 396

arushi@icraindia.com

Sruthi Thomas

+91 124 4545 822

sruthi.thomas@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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