



Press Release

Bhunit Engineering Company Private Limited

March 07, 2024

Rating

Instrument/ Facility	Amount (Rs. Crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	14.33	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BB- /Negative/Issuer Not Cooperating (IVR Double B Minus with Negative Outlook with ISSUER NOT COOPERATING)	Upgraded and Withdrawn	Simple
Total	14.33	Rupees Fourteen Crores & Thirty-Three Lakhs only			

Details of facilities are in Annexure 1

The rating has been removed from Issuer not cooperating category due to the information provided by the Bhunit Engineering Company P Ltd.

Rating Action

Infomerics Valuation and Rating Private Limited has upgraded the ratings and simultaneously withdrawn to long term rating of IVR BBB-/Stable assigned to the bank facilities of Bhunit Engineering Company Private Limited (BECPL). The above action has been taken at the request of BECPL and 'No Objection Certificate' received from all the bankers who have extended the facilities, and which is rated by Infomerics. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable.

Key Rating Drivers with detailed description

Key Rating Strengths:

Extensive experience of the promoters in the auto component industry:

BEPL promoters have a five-decade long experience in the auto industry. The key promoter, Mr. Banga remains supported by an experienced team of professionals having adequate



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industry experience. Apart from BEPL, the promoter Victora group has also promoted Victora Auto Pvt Ltd and Victora Automotive P Ltd who are in the same auto component industry. The Victora group also has interests in hospitality industry.

Reputed supplier base:

BEPL supplier mix also consists of Hindalo Industries Ltd, Mukand Sumi Metal Processing Limited among others. Given the long association, the company has benefitted in terms of favorable credit terms as also periodical price revision appraisal leading to partial pass on to the customers protecting its margins to an extent.

Improvement in scale of operations:

The scale of operation of the company has marginally improved during the FY2022-23. The Total operating income has improved from Rs.48.37 crore in FY2022 to Rs.55.97 crore in FY2023 due to rise in demand of its products. The absolute EBIDTA and PAT has improved from Rs.8.00 crore and Rs.2.17 crore respectively in FY2022 to Rs.9.57 crore and Rs.3.61 crore in FY2023 respectively. In the percentage terms, EBIDTA margin and PAT margin also moderately improved from 16.53% and 4.42% respectively in FY2022 to 17.10% and 6.35% respectively in FY2023 due to improved TOI. During H1FY24, the company achieved a revenue of Rs.29.44 crore.

Key Rating Weaknesses:

Moderate financial risk profile:

The overall gearing has marginally improved from 3.99x as on March 3,2022 to 3.12x as on March 31, 2023 driven by accrual of profit to net worth and scheduled repayment of term loans. Further, TOL/TNW has marginally improved from 4.49x as on March 31,2022 to 3.81x as on March 31, 2023. The debt protection metrics of the company remained moderate during FY2022-23. The debt service coverage ratio (DSCR) and Interest service coverage ratio (ISCR) stood moderate at 1.38x and 3.76x respectively in FY23.

Exposure to volatility in raw material prices and exchange rate fluctuations:

The key raw material used by the company remains aluminum. The profitability remains vulnerable to any unfavorable movements in aluminum prices that cannot be entirely passed



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on to the customers. In FY23, aluminum used by the company stood at 54 percent of total raw material consumed. The company commensurate import for the raw material which remains vulnerable to the foreign exchange fluctuations. However, the company manages the same through forward covers and unhedged forex exposure was Rs.1.91 crore as on June 30, 2023.

Intense competition among players:

The company remains vulnerable to competition from various auto ancillary entities. However, a long association with customers and the technicalities involved in production of their products keeps competition to an extent under control.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

[Parent & Group support criteria](#)

[Policy on withdrawal of ratings](#)

[Policy on default recognition](#)

Liquidity – Adequate

The liquidity profile of BEPL is expected to remain adequate in the near term marked by its expected satisfactory gross cash accruals against its debt repayment obligations. The company has generated gross cash accruals of Rs.7.86 crore in FY23 against its debt repayment obligations of Rs.7.19 crore. Further, resourcefulness of the promoter and the holding company also supports the liquidity profile to an extent. The promoters have financially supported the operation of the business through unsecured loans and the same is expected going forward.



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About the Company

Bhunit Engineering Co. Private Limited (BEPL) was incorporated as a private limited company in 1995 and was taken over by the Banga family (Victoria Group) in March 2017. The company is engaged in the business of manufacturing aluminium casting automotive components. The company is a part of the Victoria group having interests in the auto component and hospitality business. The company is engaged in the business of manufacturing aluminium casting automotive components. It is a part of the Victoria group having interests in the auto component and hospitality business. The promoters have an experience of close to 50 years in the business of sheet metal products and components.

Financials (Standalone):

	(Rs. in Crore)	
For the year ended / As on*	31-03-2022 Audited	31-03-2023 Audited
Total Operating Income	48.37	55.97
EBITDA	8.00	9.57
PAT	2.17	3.61
Total Debt	44.25	47.13
Tangible Net Worth	11.09	15.09
EBIDTA Margin (%)	16.53	17.10
PAT Margin (%)	4.42	6.35
Overall Gearing ratio (x)	3.99	3.12

**Classification as per Infomerics' standards*

Details of Non-Co-operation with any other CRA: Nil

Any other information: Not Applicable



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Rating History for last three years:

Name of the Facility/Instrument	Current Rating (Year: 2023-24)			Rating History for the past 3 years		
	Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (22 September 2023)	Date(s) & Rating(s) assigned in 2022-23 (June 30, 2022)	Date(s) & Rating(s) assigned in 2021-22 (June 2, 2021)
Fund Based	Long Term	14.33	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook) Upgraded and Withdrawn	IVR BB-/Negative/INC (IVR Double B Minus with Negative Outlook with ISSUER NOT COOPERATING)	IVR BB/INC (IVR Double B with ISSUER NOT COOPERATING)	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	9.43	IVR BBB-/ Stable (upgraded and Withdrawn)
Cash Credit				4.90	IVR BBB-/ Stable (upgraded and Withdrawn)

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details : <https://www.infomerics.com/admin/prfiles/Len-BECPL-07032024.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <http://www.infomerics.com>.