



Press Release

Victoria Automotive Private Limited (Erstwhile Victoria Automotive Inc.)

December 27, 2023

Rating

| Instrument/ Facility | Amount (Rs. Crore) | Current Rating | Previous Rating | Rating Action | <u>Complexity Indicator</u> |
|---------------------------------|-------------------------------|---|--|--|--|
| Long Term Bank Facilities | 29.00 | IVR A-/Stable (IVR Single A Minus with Stable Outlook) | IVR BB/Negative: ISSUER NOT COOPERATING (IVR Double B with Negative Outlook; Issuer Not Cooperating) | Upgraded & moved out of Issuer Not Cooperating and withdrawn | Simple |
| Short Term Bank Facilities | 82.50 | IVR A2+ (IVR A Two Plus) | IVR A4; ISSUER NOT COOPERATING (IVR A Four; Issuer Not Cooperating) | Upgraded & moved out of Issuer Not Cooperating and withdrawn | Simple |
| Total | 111.50 | Rupees One Hundred Eleven Crore and Fifty Lakhs Only | | | |

Details of facilities are in Annexure 1

Rating Action

Infomerics Valuation and Rating Private Limited (IVR) has upgraded and simultaneously withdrawn the long-term rating of IVR A-/ Stable and the short term rating of IVR A2+, assigned to the bank facilities of Victoria Automotive Private Limited (Erstwhile Victoria Automotive Inc.) (VAPL). The above action has been taken at the request of VAPL and 'No Objection Certificate' received from all the bankers who have extended the facilities, and which have been rated by Infomerics. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities: Not Applicable.



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Key Rating Drivers with detailed description

Key Rating Strengths:

Extensive experience of the promoters in the auto component industry:

VAPL (erstwhile VAI) is promoted by Banga family. The managing director, Mr. Hardeep Singh Banga has extensive experience of over three decades in the auto component industry. Mr. Banga remains supported by an experienced team of professionals having adequate industry experience. Apart from VAPL, the Victora group has also promoted Victora Auto Pvt Ltd and Bhunit Engineering Co. Pvt Ltd. who are also present in the auto component industry.

Improvement in scale of operations and profitability margins:

The total operating income of the company has improved during the FY2022-23. The TOI has improved from Rs.271.64 crore in FY2022 to Rs.388.27 crore in FY2023 due to strong demand of the product in overseas as well as in domestic market. Similarly, The EBIDTA and PAT in absolute terms has improved from Rs.80.00 crore and Rs.50.55 crore respectively in FY2022 to Rs.111.03 crore and 73.25 crore in FY2023 respectively. However, in percentage terms EBIDTA and PAT margin has remained constant from 29.45% and 18.16% respectively in FY2022 to 28.60% and 18.42% respectively in FY2023.

Moderate financial risk profile:

The overall gearing has improved from 3.01x in FY2022 to 1.31x in FY2023 driven by accrual of profit to net worth and scheduled repayment of term loans. Further, TOL/TNW has marginally improved from 3.60x in FY2022 to 1.55x in FY2023. The debt protection metrics of the company remained moderate during the FY2022-23. The debt service coverage ratio (DSCR) and Interest service coverage ratio (ISCR) stood moderate at 2.83x and 8.68x respectively as on March 31, 2023.

Established relationship with reputed clientele:

The company, over the years, has developed an established relationship with large OEM's and Tier I players across India and overseas which has led to year-on-year repeated orders. The customer mix include Satyam Auto Components Limited (a Hero Motorcorp group Co.), Tenneco, Faurecia and Eberspeacher among others.

Good technological ability :

The company is capable of manufacturing machined and stamped auto components using the state of art technology. Its facilities house a machining division with an inbuilt forging 3 facility and a stamping division. It's machinery capabilities include up to 1600 tonnes forging presses, CNC turning centres, vertical machining centres and other pre machining facilities. The company is an ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 certified organisation.



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Key Rating Weaknesses:

Exposed to cyclicalities inherent in auto industry:

VAPL primarily caters to the automobile industry and manufactures different products used in passenger vehicles and two wheelers. Thus, it remains exposed to the cyclicalities in the auto industry as evidenced from the volatility in the top line over the past fiscals.

Intense competition:

The company is primarily a machining and stamping player manufacturing and supplying components to Indian and Global auto OEM's and Tier 1 players. With the growing number of players in India and abroad, this creates a pressure on market participants to supply quality goods at competitive prices. Further, other Southeast Asian countries are rapidly coming up in terms of technology, value engineering and price competitiveness – thereby intensifying competition for the firm and the industry.

Working capital intensive operations:

The company has elongated debtor days, due to better bargaining power of its clientele which are established OEM's and intense competition in the operating spectrum. However, the same is significantly mitigated due to availing of long credit period from its suppliers. Average working capital utilisation for the last 12 months ending July 2023 was moderate at ~79% indicating liquidity cushion for further capex plan.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning Rating Outlook.](#)

[Policy on Withdrawal of ratings](#)

Liquidity – Strong.

The liquidity profile of VAPL is expected to remain strong marked by its expected satisfactory cash accruals of ~ Rs.76.97 crore, Rs.79.35 crore and Rs.88.62 crore vis a- vis its debt



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repayment obligations aggregating to ~Rs.15.28 crore and Rs.6.05 crore during the FY24, FY25 and FY26. The Company has sufficient gearing headroom to raise additional debt for its capex. However, the average utilization of its fund-based limits of the firm during the past twelve months ending July 2023 remained high at ~79% indicating a limited buffer.

About the Company

Victora Automotive Private Limited (erstwhile Victora Automotive Inc.) was originally incorporated in 1988 as a partnership firm and registered by the name Advantec. Its name was changed to Victora Automotive Inc. in 2007. In March 2021, the partnership firm was converted into a private limited company. The company is engaged in the business of manufacturing of machining and stamping components for automobile companies in India and abroad. The product range of the company includes machined automotive components and sheet metal components among others. The company is a part of the Victora group having interests in the auto component and hospitality businesses. The company has a manufacturing 3 facility based out of Haridwar – Uttarakhand. Also, the company has set up a tool room in Faridabad.

Financials (Standalone):

| For the year ended / As on* | (Rs. in Crore) | |
|--------------------------------------|-----------------------|-----------------------|
| | 31-03-2022 Audited | 31-03-2023 Audited |
| Total Operating Income | 271.64 | 388.27 |
| EBITDA | 80.00 | 111.03 |
| PAT | 50.55 | 73.25 |
| Total Debt | 194.51 | 180.28 |
| Tangible Net Worth | 64.55 | 138.00 |
| EBIDTA Margin (%) | 29.45 | 28.60 |
| PAT Margin (%) | 18.16 | 18.42 |
| Overall Gearing ratio (x) (Adjusted) | 3.01 | 1.31 |

**Classification as per Infomerics' standards*

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

Any other information: Not Applicable

Rating History for last three years:

| | Current Rating (Year: 2023-24) | Rating History for the past 3 years |
|--|--------------------------------|-------------------------------------|
|--|--------------------------------|-------------------------------------|



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| Name of the Facility/ Instrument | Type | Amount (INR Crore) | Rating | Rating (July 27, 2023) | Date(s) & Rating(s) assigned in 2022- 23 (June 30, 2022) | Date(s) & Rating(s) assigned in 2021-22 (October 19, 2021) | Date(s) & Rating(s) assigned in 2021-22 (April 15, 2021) |
|-------------------------------------|---------------|--------------------------|-------------------|---------------------------|---|---|--|
| Fund Based | Long Term | 29.00 | IVR A- /Stable | IVR BB/Negative/INC | IVR BB+/INC | IVR BBB/Stable | IVR BBB/Stable |
| Fund Based | Short Term | 72.50 | IVR A2+ | IVR A4/INC | IVR A4+/INC | IVR A3+ | IVR A3+ |
| Non Fund Based | Short Term | 10.00 | IVR A2+ | IVR A4/INC | IVR A4+/INC | IVR A3+ | IVR A3+ |

Name and Contact Details of the Rating Analysts:

Name: Mr. Om Prakash Jain
Tel: (011) 45579024
Email: opjain@infomerics.com

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.

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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 | - | - | January 2024 | 25.00 | IVR A-/Stable (IVR Single A Minus with Stable outlook) (Upgraded and Withdrawn) |
| Cash Credit | - | - | - | 4.00 | IVR A-/Stable (IVR Single A Minus with Stable outlook) (Upgraded and Withdrawn) |
| Forward Contract | - | - | - | 1.50 | IVR A2+ (IVR A Two Plus) (Upgraded and Withdrawn) |
| Packing Credit | - | - | - | 7.00 | IVR A2+ (IVR A Two Plus) (Upgraded and Withdrawn) |
| Bill Discounting | - | - | - | 64.00 | IVR A2+ (IVR A Two Plus) (Upgraded and Withdrawn) |
| BG | - | - | - | 10.00 | IVR A2+ (IVR A Two Plus) (Upgraded and Withdrawn) |



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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Victora-Automotive-dec23.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>