



Press Release
GALVA DECO PARTS PRIVATE LIMITED
April 18, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	30.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	104.80	ACUITE BB+ Stable Reaffirmed	-
Bank Loan Ratings	5.20	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	140.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE Double B Plus**) and its short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A Four Plus**) on the Rs.110.00 crore bank facilities of Galva Deco Parts Private Limited (GDPPL). The outlook remains ‘**Stable**’.

Acuite has also assigned a long-term rating of ‘**ACUITE BB+**’ (read as **ACUITE Double B Plus**) on Rs.30.00 crore bank facilities of Galva Deco Parts Private Limited (GDPPL). The outlook is ‘**Stable**’.

Rational for rating reaffirmation

The reaffirmation of the rating considers the stabilization of operations of new plant to an extent, marked by improved operating income and decline in profitability margins. The rating also reflects the extensive experience of the management in the industry and the group's reputable clientele, including Tata and Seoyon E-HWA Automotive (Hyundai) and Kia Motors among others. However, the rating is constrained by the group's stretched liquidity position, as evident by insufficient net cash accruals against maturing debt obligations which is supported by promoters' infusion of funds. Additionally, the rating is affected by the group's average financial risk profile and intensive working capital management.

About the Company

Gujarat-based Galva Deco Parts Private Limited (GDPPL) was incorporated in 2007 under the directorship of Mr. Bhawanji Chheda and Mr. Hardik Chheda. The company was initially established as a proprietorship concern in 1979. GDPPL is engaged in the electroplating of ABS plastic components with chrome or satin finishes. These components are used for decorative parts in cars, bikes, refrigerators, washing machines, bathroom fittings, etc. The company has three manufacturing plants: two located in Vapi and Zaroli in Gujarat, and one in Cheyyar, Tamil Nadu, which commenced operations in July 2023 for aluminium anodizing of logos. Additionally, the company has a marketing arm in Germany named Galva Decoparts GmbH (GDG) in Wolfsburg, Germany.

About the Group

Galva Decoparts GmbH is a wholly owned subsidiary of Galva Deco Parts Private Limited (GDPPL), located in Wolfsburg, Germany. Galva Decoparts gmbH is a marketing arm of GDPPL, which functions as European Customer Services Center.

Unsupported Rating

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has considered the consolidated business and financial risk profiles of Galva Deco Parts Private Limited (GDPPL) and Galva Gmbh (a wholly owned subsidiary of GDPPL) together referred to as the 'Galva Group' (GG). The consolidation is in view of the common management, similar line of business and strong operational & financial linkages between the entities.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

Established as a proprietorship concern in 1979 by Mr. Bhawanji Chheda, GDPPL has an operational track record of more than four decades. Mr. Hardik Chheda joined the company in 1998. GDPPL was converted into a Private Limited Company in 2007. GDPPL's operations are managed by Mr. Bhawanji Chheda and Mr. Hardik Chheda. The Group has been able to establish three plants in Gujarat and one in Tamil Nadu, two customer support warehouses and one marketing arm in Germany (GDG). The group has reputed clientele such as Tata, Seoyon E-HWA Automotive (Hyundai), Plastic Omnium Auto Exteriors and among others. Further, the process and the products of the group are certified by International Organization of Standardization (ISO). GDPL is also a tier 2 supplier of Hyundai and KIA.

Acuite believes that the extensive experience of the management along with its established track record of operations and relationships with its clients will strengthen the business risk profile over the medium term.

Steady improvement in revenues albeit decline in profitability

The group's revenue remained rangebound at Rs. 267.05 crore in FY2024, compared to Rs. 258.54 crore in FY2023. This was due to a moderation in sales and orders from its customers. GDPPL generates approximately 75 per cent of its revenue from plating and tooling, 22 per cent from molding, and the remaining 4 per cent from aluminium anodizing of logos. The company has an outstanding order book worth Rs. 309.74 crore as of March 2025. Revenue from Galva Decoparts GmbH accounts for around 5 per cent of GDPPL's total operating income. The group's operating margins remained rangebound at 13.65 per cent in FY2024, compared to 13.35 per cent in FY2023. The moderation in margins was due to an increase in overall operating expenses, such as employee costs and power costs. However, the group's PAT margin declined to -0.90 per cent in FY2024 from 1.62 per cent in FY2023, due to higher depreciation and interest costs. Additionally, the group recorded a revenue of Rs. 285.27 crore (Prov.) as of March 31, 2025, with an estimated operating margin of approximately 15.19 per cent and a net profit margin of around 2.29 per cent.

Acuite believes that the group's ability to sustain growth in revenues and profitability margins on the back of capex would remain a key rating monitorable.

Weaknesses

Average Financial Risk Profile

The financial risk profile of the group stood average, marked by moderate net worth, high gearing and low debt protection metrics. The tangible net worth of the group stood at Rs. 36.70 crore as on 31st March 2024 as against Rs. 39.29 crore as on 31st March, 2023. The total debt of the group stood at Rs.196.88 crore which consists of short-term debt of Rs. 68.49 crore, long term debt of Rs. 81.48 crore, unsecured loans of Rs. 17.12 crore and maturing debt repayment obligations of Rs. 29.79 crore as on 31st March, 2024. The gearing (debt-equity) of the group stood high at 5.36 times as on 31st March 2024 as compared to 4.26 times as on 31st March, 2023. Interest Coverage Ratio of the group stood at 1.98 times for FY2024 as against 2.34 times for FY2023. Debt Service Coverage Ratio (DSCR) of the group stood at 0.88 times in FY2024 as against 1.06 times in FY2023. Net Cash Accruals to Total Debt (NCA/TD) of the company stood at 0.08 times for FY2024 as against 0.11 times in FY2023.

Stabilization of Capex

In FY23, GDPPL invested ~Rs. 49 crore in the Chheyar Project, TN, where the company has set up aluminium anodizing logo manufacturing projects primarily for Hyundai and Kia Motors. The project was funded with bank loan of Rs. 39 crore and Rs. 10 crore from internal accruals. Although the project commenced in July 2023, its stabilization took longer than expected. As of FY25, capacity utilization has not been fully realized; however, the project has the potential to generate up to Rs. 4 crore per month of revenue on an average at full capacity.

Acuite believes that the financial risk profile of the group would improve on account of no major debt funded capex and repayment of term loans over the medium to long term.

Working Capital Intensive Operations

The group's working capital operations remain intensive, as evidenced by its GCA days of 216 days in FY2024, compared to 212 days in FY2023. This is primarily driven by high inventory days, which stood at 156 days in FY2024, up from 120 days in FY2023. The average inventory holding period is around 90 days. Additionally, debtor days were 62 days in FY2024, down from 82 days in FY2023, although the group provides a credit period of 60 to 90 days to its customers. Creditor days increased to 128 days in FY2024, from 123 days in FY2023, while the average credit allowed by suppliers is around 45-60 days. Consequently, the average bank limit utilization for the six months ending February 2025 is approximately ~96.41 per cent for the fund-based limits. Acuite believes, the working capital operations of the group would remain intensive over the medium term on the back of high inventory holding.

Customer and sectoral concentration risk

The group majorly supplies to automobile and FMCG sectors. The group caters to an established clientele including Seoyon E-HWA Automotive (Hyundai), Tata, LS Automotive, Kia, Skoda, Bajaj and Volkswagen.

Profitability is susceptible to volatility in raw material prices in a highly fragmented and competitive nature of the industry

The automotive components industry is highly competitive and fragmented in nature. The profitability of the group is susceptible to volatility in the raw material prices. Acuite believes that sustained improvement in the group's profitability margins over the medium term shall be instrumental in improving the company's business and financial risk profile.

Rating Sensitivities

- Improvement in revenue and profitability margins leading to augmentation of cash accruals
- Changes in the financial risk profile
- Any further elongation in the working capital cycle

Liquidity Position Stretched

The group's liquidity position is stretched, marked by insufficient net cash accruals against maturing debt obligations. The group generated net cash accruals of Rs. 16.04 crore in FY2024, compared to maturing debt obligations of Rs. 20.92 crore for the same period. However, the group is servicing its debt obligations by bringing in USL from promoters. The decline in cash accruals was due to the losses incurred by the group in FY2024. Furthermore, the group is expected to generate net cash accruals in the range of Rs. 24-29 crore against debt repayment obligations of Rs. 22-23 crore for the same period. The group's working capital management remains intensive, with GCA days of 216 days in FY2024, compared to 212 days in FY2023. The average utilization of working capital facilities stood at approximately ~96.41 per cent for the six months ending February 2025. The group maintains unencumbered cash and bank balances of Rs. 0.61 crore as of 31st March, 2024. The current ratio of the group stood at 1.05 times as of 31st March, 2024, compared to 1.22 times as of 31st March, 2023.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	267.05	258.54
PAT	Rs. Cr.	(2.40)	4.19
PAT Margin	(%)	(0.90)	1.62
Total Debt/Tangible Net Worth	Times	5.36	4.26
PBDIT/Interest	Times	1.98	2.34

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jan 2024	Letter of Credit	Short Term	1.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	15.50	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	15.50	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	12.75	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	17.05	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	18.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BB+ Stable (Reaffirmed)
01 Nov 2022	Letter of Credit	Short Term	1.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	15.50	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	15.50	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	14.80	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	19.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BB+ Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	18.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	10.00	ACUITE BB+ Stable (Assigned)
03 Mar	Letter of Credit	Short Term	1.50	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	15.79	ACUITE BB+ Stable (Reaffirmed)

2022	Proposed Long Term Loan	Long Term	2.01	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	19.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	18.00	ACUITE BB+ Stable (Reaffirmed)
10 Feb 2022	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	1.70	ACUITE A4+ (Upgraded from ACUITE A4)
	Letter of Credit	Short Term	1.50	ACUITE A4+ (Upgraded from ACUITE A4)
	Term Loan	Long Term	18.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	1.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	19.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	6.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Proposed Long Term Loan	Long Term	2.01	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	15.79	ACUITE BB+ Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	28.00	ACUITE BB+ Stable (Upgraded from ACUITE B+)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Cosmos Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.70	Simple	ACUITE A4+ Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4+ Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB+ Stable Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.75	Simple	ACUITE BB+ Stable Reaffirmed
Cosmos Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.50	Simple	ACUITE BB+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BB+ Stable Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.75	Simple	ACUITE BB+ Stable Assigned
Saraswat Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.50	Simple	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	8.00	Simple	ACUITE BB+ Stable Reaffirmed
Cosmos Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.75	Simple	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.75	Simple	ACUITE BB+ Stable Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 Aug 2032	5.50	Simple	ACUITE BB+ Stable Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2032	15.00	Simple	ACUITE BB+ Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2032	7.75	Simple	ACUITE BB+ Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	1.00	Simple	ACUITE BB+ Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2032	15.00	Simple	ACUITE BB+ Stable Reaffirmed
Saraswat Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2031	17.50	Simple	ACUITE BB+ Stable Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2030	2.00	Simple	ACUITE BB+ Stable Assigned
SVC Co-Op Bank Limited	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	1.51	Simple	ACUITE BB+ Stable Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company
1	Galva Deco Parts Private Limited
2	Galva Decoparts GmbH

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About Acuité Ratings & Research

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