



Press Release
Bhavani Industries
December 22, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE BBB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**Acuite BBB+**' (read as **ACUITE triple B Plus**) on the Rs. 50.00 Cr. bank facilities of Bhavani Industries (BI). The outlook is '**Stable**'.

Rationale for rating:

The rating considers the promoters extensive experience, strong technical expertise of over four decades and a stable operational track record, along with the firm's established position in the precision machined components industry. It also factors in the improvement in operating income with stable margins, a healthy financial risk profile supported by a comfortable capital structure and healthy debt protection metrics. Additionally, the rating considers the firm's long-standing relationships with reputed customers across sectors such as automobile, general engineering, and electronics. However, the rating remains constrained by moderately intensive working capital operations, susceptibility of profitability to volatility in raw material prices and capital withdrawal risk associated with partnership firms.

About the Company

Bhavani Industries, registered in Bengaluru, was established in 1987, by Mr. AJ Hegde. The firm manufactures precision machined components and supplies to various industries like Automotive, Aerospace, Medical equipment, Telecommunication, Railways and General engg. The current partners are Mr. A. Jayakara Hegde, Mrs. Aruna Jayakara Hegde, and Mr, Chethan Jayakara Hegde. Mr. A J Hegde is CEO & Promoter of the firm.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the BI.

Key Rating Drivers

Strengths

Experienced promoters with reputed client base

BI was established in 1987 and is promoted by Mr. A. Jayakara Hegde, Mr. Chethan Jayakara Hegde, and Mrs. Aruna Jayakara Hegde. Mr. A. Jayakara Hegde brings over five decades of expertise in machining and manufacturing, with strong capabilities in production processes,

raw material procurement, and machinery selection. The firm has an established track record of more than 25 years in manufacturing precision components and caters to reputed clients

across automotive and general engineering sectors in India and overseas. BI has long-standing relationships with key customers, ensuring consistent repeat business. Acuité believes that the promoters' extensive experience and the firm's established market presence will continue to support its business profile.

Improvement in operating income and healthy margins

The firm's operating income increased to Rs. 168.76 Cr in FY2025 with YOY growth of 25.91 percent from Rs.134.04 Cr in FY2024 and Rs. 117.13 Cr in FY2023, supported by healthy demand and increased production of CNC machines. It serves both domestic and international markets, competing with large and mid-sized players. Export revenue accounted for 23 Percent in FY2025, compared to 21 percent in FY2024 and 19 percent in FY2023. The Firm has already registered revenues of Rs.108.24 Cr in 7MFY2026 as against Rs. 97.57 Cr in 7MFY2025. The firm's EBITDA margin stood healthy at 20.69 percent in FY2025, compared to 20.79 percent in FY2024 and 18.36 percent in FY2023. The stability in margins is attributed to cost- efficiency measures such as effective inventory control, strategic procurement of raw materials at optimal prices, and accurate cost-based quotations. Acuité believes that the firm's operating performance is expected to be stable on account of promoters' extensive experience and the firm's established market presence.

Healthy financial risk profile

Firm's financial risk profile is healthy, marked by moderate net worth along with low gearing and healthy debt protection metrics. The net worth of the firm stood at Rs.51.25 Cr as on March 31, 2025, against Rs.40.89 Cr as on March 31, 2024, and Rs. 36.85 Cr as on March 31, 2023 respectively. The gearing (debt to equity) of the firm stood at 0.87 times as on March 31, 2025, as against 1.24 times as on March 31, 2024, and 0.81 times as on March 31, 2023. Total debt includes short term debt of Rs. 12.85 Cr, long term debt of Rs. 5.03 Cr, USL of Rs. 26.59 Cr as on March 31, 2025. Firm's debt protection metrics is moderate marked by– Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) which stood at 6.59 times and 5.38 times as on March 31, 2025, respectively as against 5.98 times and 5.08 times as on March 31, 2024, and 7.45 times and 6.14 times as on March 31, 2023. TOL/TNW stood at 1.20 times as on March 31, 2025, against 1.48 times as on March 31, 2024. The debt to EBITDA of the firm stood at 1.20 times on March 31st, 2025 as against 1.48 times in FY2024 and 1.23 times in FY2023. Acuité believes that the financial risk profile will remain healthy over the medium term.

Weaknesses

Moderately intensive working capital operations

Firm's working capital operations are moderately intensive, as reflected by the Gross Current Assets (GCA) of 103 days in FY2025 compared to 113 days in FY2024 and 112 days in FY2023. Debtor days stood of 65 in FY2025, compared to 66 days in FY2024 and 57 days in FY2023. The receivable cycle is generally 45–60 days, while for export customers it extends to 90 days. Most customers adhere to these timelines consistently. Inventory days stood at 39 days in FY2025 as against 50 days in FY2024 and 43 days in FY2023, reflecting efficient inventory management driven by raw material procurement based on confirmed orders and actual requirements. Acuité believes that the working capital operations are expected to remain moderately intensive due to its nature of the business.

Susceptibility of profit margins to volatility in raw material price and forex risk

The firm's profit margins remain exposed to fluctuations in raw material prices; however, the presence of price escalation clauses in most customer contracts provides partial mitigation. Additionally, the firm is able to pass on increases in raw material costs to customers, albeit with a time lag. With 22–23 percent of revenue derived from exports, earnings are also vulnerable to foreign exchange fluctuations.

Capital withdrawal risk

The firm is exposed to the risks arising from its partnership nature, including the risk of capital withdrawals. Nevertheless, limited withdrawals by partners, as seen in the past, provide comfort to an extent.

Rating Sensitivities

- Sustained revenue growth, while maintaining healthy profitability
- Any large debt funded capex, impacting the financial risk profile and liquidity
- Deterioration in working cycle

Liquidity Position: Adequate

Firm's liquidity is adequate with adequate net cash accruals (NCAs) of Rs.24.39 Cr during FY2025, while it's maturing debt obligations are Rs. 3.80 Cr during the same period. Going forward, the firm is expected to continue generating net cash accruals of Rs. 26.56 Cr to Rs. 29.25 Cr as against it's repayment obligations of Rs. 3.56 to 3.78 Cr. The firm has maintained unencumbered cash and bank balances Rs.2.98 Cr and the current ratio stood at 1.58 as on March 31, 2025. However, the reliance on working capital limits stood moderate marked by average 53 percent utilization of the fund-based limits used over the past Six months ending in November, 2025. Acuité expects that the liquidity of the firm is likely to be Adequate over the medium term on account of healthy cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	168.76	134.04
PAT	Rs. Cr.	12.65	8.14
PAT Margin	(%)	7.50	6.07
Total Debt/Tangible Net Worth	Times	0.87	1.24
PBDIT/Interest	Times	6.59	5.98

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

None

Any other information

None

Applicable Criteria

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

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
CITI Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE BBB+ Stable Assigned
ICICI BANK LIMITED	Not avl. / Not appl.	Cash Credit	15 Sep 2025	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BBB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.90	Simple	ACUITE BBB+ Stable Assigned
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Sep 2028	26.00	Simple	ACUITE BBB+ Stable Assigned
CITI Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jul 2027	3.10	Simple	ACUITE BBB+ Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Moparathi Anuradha Devi Senior Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.