



**Press Release**  
**Vijayshree Autocom Limited**  
**December 27, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	8.00	ACUITE BB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	8.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to ‘**ACUITE BB**’ (read as **ACUITE double B**) from ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) on Rs. 8.00 Cr. of bank facilities of Vijayshree Autocom Limited (VAL). The outlook is ‘**Stable**’.

**Rationale for Rating**

The rating upgradation and migration from 'Issuer not co-operating' takes into account the stable operating performance of the company with improving margins post completion of their capital expenditure (capex) on expanding its existing capacities, technological upgrades and building up a new manufacturing facility. Further, the rating factors the extensive experience of management in the auto components industry along with its long-standing relationship with reputed automobile manufacturers and efficient working capital management. The rating is however, constrained by company's moderate financial risk profile owing to the slow demand growth of commercial vehicles and customer concentration risk. Acuite believes that the company's ability to grow its scale of operations while improving the capital structure remains a key rating indicator.

**About the Company**

Incorporated in 2010, Vijayshree Autocom Limited is a manufacturer of automobile parts and ancillaries, such as sheet metal and tubular jobs for leading OEMs with its headquarters based in Kolkata. The company operates two automobile component manufacturing facilities in Jamshedpur, Jharkhand and one in Howrah, West Bengal. - Further, VAL also manufactures ceiling fan blades and fan stands at the Howrah unit. The current production capacity stands at 27,000 MT for the automobile components for Jamshedpur facility, 10 lakh nos. of automobile components and 3.5 lakh nos. of fan components for Howrah facility. The company is promoted by Mr. Devendra Kumar Mantri, Mrs. Tanuja Mantri and Mr. Shashankdhar Mantri.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of VAL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Established track record along with experienced management**

VAL has an established track record of more than a decade in the business of auto components. The directors of

the company, Mr. Devendra Kumar Mantri, Mrs. Tanuja Mantri and Mr. Shashankdhar Mantri possess long experience and are in the business of manufacturing of automobile parts for commercial vehicles since 1990. The extensive expertise of the management has aided the operations of the company in establishing healthy relations with the clients like TATA Motors Limited, TM Automotive Seating, ZF Commercial Vehicle Control Systems India, Orient Electric, Adient India, etc.

Acuité believes that the company will continue to benefit from the experienced management and established clientele relationships.

### **Stable operating performance with improving margins**

The operating margins of the company has improved to 4.13 percent in FY2024 as against 3.87 percent in FY2023 owing to the decline in the input costs and efficient operations. However, the revenue of the company remained stable at Rs. 136.16 Cr. in FY24 as against Rs. 139.09 Cr. in FY23 owing to slow demand growth in commercial vehicles of TATA Motors and pass through of downtrend in the steel prices leading to lower realisations. Further, the company has successfully completed phase I of the capex plan in December' 23 for the addition of new manufacturing facility in Jamshedpur with the capacity of 6,000 MT and the phase II is expected to be completed by March' 25 with an additional capacity of 6,000 MT. Also, in FY23, the company had enhanced the existing production capacity of auto components by 9,000 MT resulting into increase in capacity of existing plant to 21,000 MT. The company incurred capex of Rs 34.42 Cr. of which Rs 9.42 Cr. was towards expansion of existing capacity and Rs 25 Cr. towards development of new unit. This capex is expected to boost the revenue and profitability for the company in the near to medium term.

Acuite expects that going forward, the revenue of VAL may increase further due to better industry growth prospects over the medium term.

### **Moderate Working Capital Operations**

The working capital management of the company is moderately efficient marked by Gross Current Assets (GCA) of 99 days as on March 31, 2024, as against 89 days as on March 31, 2023. The GCA days are driven by increase in the inventory levels which stood at 48 days for FY2024 as against 34 days for FY2023. The company receives the production plan from the OEMs on a monthly basis and hence can plan the production and supply of the auto parts accordingly. Further, the debtor's collection period stood improved at 35 days for FY2024 as against 48 days for FY2023. Furthermore, the creditor days stood at 65 days in FY2024 as against 64 days in FY2023. The average utilization of its working capital limits remains moderate at ~32.15 percent for the last six months ended as of November'2024.

Acuite believes that managing the working capital operations efficiently is a key rating sensitivity.

## **Weaknesses**

### **Moderate Financial Risk Profile**

The company's financial risk profile is moderate, marked by low net worth, moderate gearing, and moderate debt protection metrics. The tangible net worth improved to Rs. 17.22 Cr. as on March 31, 2024, as against Rs. 14.95 Cr. as of March 31, 2023, owing to infusion of funds by promoters of Rs. 1.59 Cr. in FY24 and accretion of reserves. The gearing stood at 1.50 times as on March 31, 2024 as compared to 1.43 times as on March 31, 2023 owing to increase in debt levels to fund the capex. Total outside liabilities/Tangible net worth (TOL/TNW) stood at 2.70 times as of March 31, 2024, as against 2.86 times as of March 31, 2023. The debt protection metrics of the company are moderate marked by interest coverage ratio of 2.43 times as of March 31, 2024 as against 2.96 times as of March 31, 2023 and debt service coverage ratio of 0.99 times as of March 31, 2024 as against 0.86 times as of March 31, 2023.

Acuité believes the financial risk profile of the company may continue to remain moderate over the medium term owing to the slower demand in the industry.

### **Customer concentration and susceptible to volatility in raw material prices**

The top three customers account for nearly 80% of the revenue in FY2024. Any decline in the business of these clients could impact the company's business and financial risk profiles. Revenue is majorly dependent on the performance of the automobile industry, which is directly linked to economic cycles. Further, the auto ancillary industry is a highly competitive with presence of both organized and unorganized players. The profitability in industry is susceptible to increase in raw material prices such as steel and aluminium. Therefore, the downtrend in the steel prices led to fall in the realisation price of the company's products for FY2024. Moreover, the fluctuations in the prices are passed on to customers with a lag of a quarter.

## **Rating Sensitivities**

- Sustenance of the profitability margins with scaling up of operations
- Elongation of working capital cycle
- Deterioration of the financial risk profile

### **Liquidity Position Stretched**

The company's liquidity position is stretched, marked by insufficient cash accruals of Rs. 3.40 Cr as against

maturing debt obligations of Rs. 3.46 Cr for the same period. The remaining debt obligation was met through the equity infusion by promoters in FY24. Going forward, the cash accruals of the company are estimated to remain in the range of around Rs.3.50-4.00 Cr. during FY2025-26 against repayment obligations ranging from Rs. 4.30-4.80 Cr. for the same period. This gap is expected to be met through additional promoter infusions, Rs. 3.00 Cr has already been infused by the promoters till November' 2024. The company maintained an unencumbered cash and bank balances of Rs. 7.02 Cr. as on March 31, 2024. The average utilization of its working capital limits is around 32.15 percent for the last 6 months ending November' 2024. Further, the current ratio stands at 1.20 times as on March 31, 2024 as against 1.22 times as on 31 March, 2023.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	136.16	139.09
PAT	Rs. Cr.	0.68	1.21
PAT Margin	(%)	0.50	0.87
Total Debt/Tangible Net Worth	Times	1.50	1.43
PBDIT/Interest	Times	2.43	2.96

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Jul 2024	Term Loan	Long Term	0.77	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Proposed Long Term Bank Facility	Long Term	2.95	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Term Loan	Long Term	0.37	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Term Loan	Long Term	2.31	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Term Loan	Long Term	0.13	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Term Loan	Long Term	0.07	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
	Term Loan	Long Term	1.40	ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB   Stable)
10 May 2023	Term Loan	Long Term	0.37	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.77	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	2.95	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	2.31	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.13	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	0.07	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Term Loan	Long Term	1.40	ACUITE BB   Stable (Upgraded from ACUITE B+)
12 Dec 2022	Term Loan	Long Term	0.37	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.77	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	2.95	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.31	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.13	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.07	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	1.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
15 Sep 2021	Term Loan	Long Term	1.40	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.07	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.13	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	2.31	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	2.95	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.77	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Term Loan	Long Term	0.37	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.12	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2027	1.73	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Sep 2025	0.03	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2026	0.68	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Nov 2026	0.73	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2027	1.90	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2027	0.27	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 May 2028	1.02	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Feb 2029	1.19	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2027	0.33	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE BB- )

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Akshit Agrawal Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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