



**Press Release**  
**SAA AB ENGINEERING PRIVATE LIMITED (ERSTWHILE SAAB ENGINEERING)**  
**June 12, 2025**  
**Rating Assigned and Reaffirmed**

| Product                                   | Quantum (Rs. Cr) | Long Term Rating                 | Short Term Rating |
|---|------------------|----------------------------------|-------------------|
| Bank Loan Ratings                         | 75.00            | ACUITE BBB   Stable   Assigned   | -                 |
| Bank Loan Ratings                         | 75.00            | ACUITE BBB   Stable   Reaffirmed | -                 |
| <b>Total Outstanding Quantum (Rs. Cr)</b> | 150.00           | -                                | -                 |
| <b>Total Withdrawn Quantum (Rs. Cr)</b>   | 0.00             | -                                | -                 |

**Rating Rationale**

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Bo**)n the Rs.75.00 Cr. bank facilities of SAA AB Engineering Private Limited (Erstwhile SAAB Engineering)(SEPL). The outlook is ‘**Stable**’.

Further, Acuite has assigned its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Bo**)n the Rs.75.00 Cr. bank facilities of SAA AB Engineering Private Limited (Erstwhile SAAB Engineering)(SEPL). The outlook is ‘**Stable**’.

**Rationale for Rating Reaffirmation**

The rating reaffirmation considers improvement in the overall operating performance in FY2025 (Prov.) as compared to previous year, and moderate financial risk profile. The rating also factors in the long track record of operations of the company and the reputed clientele base. However, the rating is constrained by intensive nature of working capital operations, high reliance on working capital limits, competitive nature of auto ancillary business and its susceptibility to cyclical in the automotive industry.

**About the Company**

SEPL is a Bangalore based company promoted by Mr. Ajay Balagopal and Mr. Sanjiv Balagopal. It has total six manufacturing units with facilities for forging and machining of automotive components. The company started its full-fledged operations from FY2023 onwards when the partnership firm – Saab Engineering (SE) transferred its business (apart from partner’s capital and land & building) to private limited company – SEPL. The company manufactures various automotive components and supplies components to several reputed players such as Lucas TVS Ltd, SEG Automotive - Group, Bosch-Group, Schaeffler Group, Valeo India Private Limited, Subros Ltd among others.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

**Experienced management with an established track record of operations and reputed clientele**

SEPL (earlier operating in SE- partnership firm) has an overall operational track record of more than three decades. Mr. Ajay Balagopal and Mr. Sanjiv Balagopal are the promoters of the company, having extensive experience of over three decades in the engineering and auto ancillary industry. They are supported by seasoned professionals in managing the daily operations. These factors have enabled SEPL establishing a healthy

relationships with reputed clientele like - Lucas TVS Ltd, SEG Automotive Group, Bosch Group, Schaeffler Group, Valeo India Private Limited, Subros Ltd. amongst the others.

Acuité believes that SEPL will continue to benefit from its experienced management and established relationships with reputed clientele.

### **Improved operating performance**

The company's revenue improved to Rs.463.94 Cr. in FY2025 (Prov.) up from Rs.426.59 Cr. in FY2024. Operating profit margin improved to 12.80% in FY2025 (Prov.) against 11.70% in FY2024, and PAT margin increased to 5.38% in FY2025 (Prov.) against 3.50% in FY2024. The growth was driven by new orders, and establishment of two new manufacturing plants. The company also secured seven new customers, including Mitsubishi Electric and Mitsuaba.

Going ahead, the ability of the company to sustain improvement in its operating performance will remain a key monitorable.

### **Moderate financial risk profile**

SEPL has a moderate net worth, gearing level and debt coverage indicators. The tangible net worth stood at Rs.54.44 crore as on 31 March 2025 (Prov.) as against Rs.29.51 crore as on 31 March 2024. The net worth has improved on account of accretion of profits to reserves. The gearing level stood at 2.88 times as on 31 March 2025 (Prov.) as against 4.58 times as on 31 March 2024. The total debt of the company stood at Rs.156.68 crore as on March 31, 2025 (Prov.).

Debt protection metrics of the company are moderate marked by Interest Coverage Ratio (ICR) of 3.87 times in FY2025(Prov.) against 3.84 times in FY2024. Debt Service Coverage Ratio (DSCR) of 2.25 times in FY2025(Prov.) against 1.48 times in FY2024. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood high though improved to 5.44 times as of March 31, 2025(Prov.), as against 10.01 times as of March 31, 2024. The Debt/EBITDA levels stood at 2.64 times as of March 31, 2025(Prov.), as against 2.63 times as of March 31, 2024.

Acuité believes that SEPL's financial risk profile will improve over the medium term on account of absence of any major debt-funded capex and expected health accruals generation.

## **Weaknesses**

### **Working capital intensive operations**

SEPL working capital operations improved, yet remained intensive in nature, marked by the Gross Current Asset (GCA) of 135 days in FY2025 against 167 days as on March 31, 2024. The inventory days stood at 55 days in FY2025 (Prov.) against 57 days in FY2024. The debtor days stood at 74 days in FY2025 (Prov.) against 78 days in FY2024. The creditor days stood at 84 days in FY2025 (Prov.) against 130 days in FY2024. Further, the average utilization of the bank limits of the company stood high at ~97.52 % in last 6 months ended Jan 2025.

Acuité believes that SEPL's to improve and maintain an efficient working capital cycle over the medium term will remain a key rating sensitivity factor.

### **Competitive nature of auto ancillary business and its susceptibility to cyclical in automotive industry**

SEPL operates in a highly fragmented industry, subjected to intense competition due to the low-entry barriers, which limits the margins and scale. Further, the automobile industry is highly cyclical with demand moving with larger economic cycle, customer preferences, government policies etc. Acuite believes that SEPL will continue to remain exposed to the volatility in demand for the products and dependency on OEMs.

## **Rating Sensitivities**

- Sustain improvement in operating performance.
- Ability to improve its capital structure and overall financial risk profile.
- Ability to improve and maintain an efficient working capital cycle.

### **Liquidity Position Adequate**

SEPL's adequate liquidity position is marked by sufficient net cash accruals against its maturing debt obligations. The company generated cash accruals of Rs.35.71 crore in FY2025 (Prov.) compared against Rs. 7.35 crore

maturing debt obligation over the same period. The company maintained unencumbered cash and bank balances of Rs.39 crore as on March 31, 2025(Prov.). The current ratio stood at 0.91 times as on March 31, 2025(Prov.). However, the reliance on working capital limits stood high with average utilization of ~97.52% over the last 6 months ended Jan 2025.

Going ahead, SEPL's liquidity position is likely to remain adequate on account of expected healthy cash accruals generation over the medium term.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 25 (Provisional) | FY 24 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income              | Rs. Cr. | 463.94              | 426.59         |
| PAT                           | Rs. Cr. | 24.94               | 14.94          |
| PAT Margin                    | (%)     | 5.38                | 3.50           |
| Total Debt/Tangible Net Worth | Times   | 2.88                | 4.58           |
| PBDIT/Interest                | Times   | 3.87                | 3.84           |

**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

- 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, Acuité 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](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities      | Term      | Amount (Rs. Cr) | Rating/Outlook   |
|-------------|-------------------------------------|-----------|-----------------|--|
| 14 Aug 2024 | Cash Credit                         | Long Term | 32.00           | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Working Capital Demand Loan (WC DL) | Long Term | 0.74            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Cash Credit                         | Long Term | 18.50           | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 3.75            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 1.98            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.06            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.41            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 1.41            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 6.40            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.45            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.72            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Proposed Long Term Bank Facility    | Long Term | 0.58            | ACUITE BBB   Stable (Reaffirmed)                         |
| 19 May 2023 | Cash Credit                         | Long Term | 32.00           | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Working Capital Demand Loan (WC DL) | Long Term | 0.74            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Cash Credit                         | Long Term | 18.50           | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 3.75            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 1.98            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.06            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.41            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 1.41            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 6.40            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.45            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.72            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Proposed Long Term Bank Facility    | Long Term | 0.58            | ACUITE BBB   Stable (Reaffirmed)                         |
|             | Term Loan                           | Long Term | 2.41            | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                           | Long Term | 2.06            | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                           | Long Term | 1.98            | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                           | Long Term | 3.75            | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Cash Credit                         | Long Term | 18.50           | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |

|             |                                    |           |       |  |
|-------------|------------------------------------|-----------|-------|--|
| 18 Feb 2022 | Working Capital Demand Loan (WCDL) | Long Term | 0.74  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Cash Credit                        | Long Term | 32.00 | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                          | Long Term | 1.41  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                          | Long Term | 6.40  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                          | Long Term | 2.45  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Term Loan                          | Long Term | 2.72  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |
|             | Proposed Long Term Bank Facility   | Long Term | 0.58  | ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable) |

## Annexure - Details of instruments rated

| Lender's Name       | ISIN                 | Facilities                         | Date Of Issuance     | Coupon Rate          | Maturity Date        | Quantum (Rs. Cr.) | Complexity Level | Rating                           |
|---------------------|----------------------|------------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|----------------------------------|
| ICICI Bank Ltd      | Not avl. / Not appl. | Cash Credit                        | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 18.50             | Simple           | ACUITE BBB   Stable   Reaffirmed |
| Kotak Mahindra Bank | Not avl. / Not appl. | Cash Credit                        | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 32.00             | Simple           | ACUITE BBB   Stable   Reaffirmed |
| Kotak Mahindra Bank | Not avl. / Not appl. | Cash Credit                        | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 30.00             | Simple           | ACUITE BBB   Stable   Assigned   |
| ICICI Bank Ltd      | Not avl. / Not appl. | Cash Credit                        | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 11.50             | 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. | 15.97             | Simple           | ACUITE BBB   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. | 33.50             | Simple           | ACUITE BBB   Stable   Assigned   |
| ICICI Bank Ltd      | Not avl. / Not appl. | Term Loan                          | 01 Aug 2024          | Not avl. / Not appl. | 31 Jul 2029          | 3.75              | Simple           | ACUITE BBB   Stable   Reaffirmed |
| ICICI Bank Ltd      | Not avl. / Not appl. | Term Loan                          | 10 Feb 2022          | Not avl. / Not appl. | 30 Nov 2025          | 1.98              | Simple           | ACUITE BBB   Stable   Reaffirmed |
| ICICI Bank Ltd      | Not avl. / Not appl. | Term Loan                          | 10 Feb 2023          | Not avl. / Not appl. | 10 Apr 2026          | 2.06              | Simple           | ACUITE BBB   Stable   Reaffirmed |
| Kotak Mahindra Bank | Not avl. / Not appl. | Working Capital Demand Loan (WCDL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 0.74              | Simple           | ACUITE BBB   Stable   Reaffirmed |



## Contacts

|  |   |
|--|---|
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### About Acuité Ratings & Research

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