

May 30, 2023

Bharat Seats Limited: Update on Material Event

Summary of rating outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating outstanding
Long-term Fund-based – Term loan	20.00	20.00	[ICRA]A- (Stable)
Long-term– Fund-based working capital	35.20	35.20	[ICRA]A- (Stable)
Short-term – Non-fund based working capital	30.00	30.00	[ICRA]A2+
Long-term/ Short-term – Unallocated	0.80	0.80	[ICRA]A- (stable)/[ICRA]A2+
Total	86.00	86.00	

*Instrument details are provided in Annexure-I

Material Event

On May 22, 2023, Bharat Seats Limited (BSL), a listed company, disclosed on the stock exchanges that the Income Tax Department had conducted search and seizure operations at its corporate office and factories from May 19, 2023 to May 22, 2023.

Impact of Material Event

At present, ICRA has a rating of [ICRA]A- (Stable)/[ICRA]A2+ outstanding on the bank lines of the company. Based on discussions with the management, ICRA understands that there has been no impact on the company's operations or over the availability of bank funding. However, ICRA would continue to closely monitor any further developments related to this event and take appropriate rating action, if necessary.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position, and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Component Suppliers
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of BSL.

About the company

Incorporated in 1986, Bharat Seats Limited is a joint venture between its Indian promoters (Rohit Relan Group), Maruti Suzuki India Limited (MSIL) and Suzuki Motors Corporation. It is primarily engaged in manufacturing cars seats for MSIL. From FY2006, BSL diversified its operations into manufacturing moulded floor carpets for MSIL and two-wheeler seats for Suzuki Motorcycle India Private Limited. Currently, the company's manufacturing facilities are at Gurgaon, Manesar and Borakalan in Haryana and at Surendra Nagar in Gujarat.

BSL is promoted by Mr. Rohit Relan and family. Mr. Relan is a chartered accountant with a President Management Programme from Harvard Business School, USA. The Relan Group has gone through a family restructuring, as a result of which, BSL's shareholding now resides with Mr. Rohit Relan and family.

During H1 FY2023, the company derived ~80% of its revenues from its car seat assembly division, followed by its motorcycle seat division (6%) and the rest from other divisions such as carpet sets, extrusion components for vehicle roofs, and frame components. The company's revenue is generated entirely from the domestic market.

Key financial indicators (audited)

BSL Standalone	FY2021	FY2022	FY2023
Operating income	547.7	817.6	1,051.0
PAT	4.8	11.9	21.5
OPBDIT/OI	4.9%	3.9%	4.4%
PAT/OI	0.9%	1.5%	2.1%
Total outside liabilities/Tangible net worth (times)	1.5	1.7	1.4
Total debt/OPBDIT (times)	1.3	1.2	1.4
Interest coverage (times)	6.3	8.2	12.7

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore;

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as of Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				May 30, 2023	Jan 05, 2023	Nov 26, 2021	Nov 27, 2020
1 Fund Based-Term Loans	Long-term	20.0	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2 Fund Based-working capital	Long-term	35.2	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
3 Non-Fund Based working capital	Short term	30.0	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
4 Unallocated	Long-term /short term	0.80	-	[ICRA]A-(Stable)/ [ICRA]A2+	[ICRA]A-(Stable)/ [ICRA]A2+	[ICRA]A- (Stable)/ [ICRA]A2+	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund based – Term loan	Simple
Long-term Fund based – working capital	Simple
Short-term Non-fund based – working capital	Very Simple
Long term/Short Term - Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	Yet to be availed			20.00	[ICRA]A-(Stable)
NA	Cash Credit	NA	NA	NA	35.20	[ICRA]A-(Stable)
NA	Letter of Credit/ Bank Guarantee	NA	NA	NA	30.00	[ICRA]A2+
NA	Unallocated	NA	NA	NA	0.80	[ICRA]A-(Stable)/[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Shamsher Dewan
+91 124 4545328
shamsherd@icraindia.com

Srikumar Krishnamurthy
+91 44 4596 4318
srikumar.k@icraindia.com

Rohan Kanwar Gupta
+91 124 4545 808
rohan.kanwar@icraindia.com

Astha Bansal
+91 62016 38173
astha.bansal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.