

September 27, 2024

BAXY Limited: Rating withdrawn for commercial paper and rating outstanding for the existing bank loan facility

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|-----------------------------------|----------------------------------|--|
| Long-term – fund-based – term loan | 90.0 | 90.0 | [ICRA] A- (Stable); Outstanding |
| Long-term/ short-term fund-based limits | 435.0 | 435.0 | [ICRA] A- (Stable)/[ICRA] A2+; Outstanding |
| Long-term/ short-term unallocated | 25.0 | 25.0 | [ICRA] A- (Stable)/[ICRA] A2+; Outstanding |
| Commercial Paper Programme | 50.0 | 50.0 | [ICRA] A2+; Withdrawn |
| Total | 600.0 | 600.0 | |

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Baxy Limited (BL) at the request of the company, and in accordance with ICRA's policy on withdrawal. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key rating drivers, Liquidity position, Rating sensitivities and Key financial indicators have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|---|
| Applicable rating methodologies | Corporate Credit Rating Methodology Rating Methodology For Auto Component Policy on withdrawal of Credit Ratings |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The rating is based on CEPL's consolidated financial profile, for which ICRA has consolidated the financials of CEPL and its wholly-owned subsidiary, BL, and step-down subsidiary, BEPL. |

About the company

Incorporated in 1996, Continental Engines Private Limited (CEPL) has been providing engineering solutions across various array of businesses including auto-component manufacturing, three-wheelers, waste management products and infotech solutions. Pursuant to a Business Transfer Agreement between CEPL and BL in March 2023, the entire business of CEPL has been transferred to BL on a slump sale business. Accordingly, BL has emerged as the key operational entity of the Group, while CEPL would act as a holding company with ownership of the land and buildings. The company has also incorporated Baxy Engineering Private Limited (BEPL) as a wholly-owned subsidiary of BL, wherein it would be undertaking greenfield expansion of the auto-component division, going forward. It is setting up a greenfield manufacturing facility in Neemrana, Rajasthan, for domestic and overseas markets.

Among the various business units housed under BL, BEPL is the flagship structured business unit, involved in the production of automotive cast components, namely aluminium-based cylinder heads, cylinder blocks, manifolds, assembled cylinder heads, gears and other critical engine components. Under Baxy Mobility, the company manufactures and sells three wheelers (3Ws) under the Baxy brand. These manufacturing plants are located at Bhiwadi (Rajasthan) and Roorkee (Uttarakhand). Under Baxy Enviro (Go Swach), the company provides integrated environmental solutions with products developed in-house. Under Baxy Infotech, the company acts as a system integrator, and provides information and communication technologies (ICT), Internet of Things (IoT) and artificial intelligence (AI) based solutions.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2025) | | Chronology of rating history for the past 3 years | | |
|------------------------------|--------------------------|-------------------------|-------------------------------|---|-------------------------|-------------------------|
| | | Amount rated | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 | Date & rating in FY2022 |
| | | (Rs. crore) | September 27, 2024 | Sept 06, 2023 | - | - |
| 1 Fund based-Term loan | Long term | 90.0 | [ICRA] A- (Stable) | [ICRA] A- (Stable) | - | - |
| 2 Fund based limits | Long term and short term | 435.0 | [ICRA] A- (Stable)/[ICRA] A2+ | [ICRA] A- (Stable)/[ICRA] A2+ | - | - |
| 3 Unallocated | Long-term and short term | 25.0 | [ICRA] A- (Stable)/[ICRA] A2+ | [ICRA] A- (Stable)/[ICRA] A2+ | - | - |
| 4 Commercial Paper Programme | short term | 50.0 | [ICRA] A2+; withdrawn | [ICRA] A2+ | - | - |

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|----------------------|
| Long-term - Fund based- Term loan | Simple |
| Long-term/ short-term fund based limits | Simple |
| Long-term/ short-term unallocated | Not applicable |
| Commercial Paper Programme | Very Simple |

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 | Fund based- Term loan | FY2020 & FY2023 | 3.5-8.9% | FY2025-FY2028 | 90.0 | [ICRA] A- (Stable) |
| NA | Fund based limits | NA | NA | NA | 435.0 | [ICRA] A- (Stable)/[ICRA] A2+ |
| NA | Unallocated | NA | NA | NA | 25.0 | [ICRA] A- (Stable)/[ICRA] A2+ |
| Yet to be placed | Commercial Paper Programme | NA | NA | NA | 50.0 | [ICRA] A2+; Withdrawn |

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

| Company Name | CEPL Ownership | Consolidation Approach |
|---|----------------|------------------------|
| Continental Engines Private Limited | - | Full Consolidation |
| Baxy Limited | 100.00% | Full Consolidation |
| Baxy Engineering Private Limited (Step-down subsidiary) | 100.00% | Full Consolidation |

Source: Company data

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About ICRA Limited:

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Branches



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