

June 25, 2025

Victora Industries Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|-----------------------------------|----------------------------------|--|
| Long-term/Short-term – Fund-based – Cash credit | 125.00 | 140.00 | [ICRA]BBB (Stable)/ [ICRA]A3+; reaffirmed/ assigned for enhance amount |
| Long-term – Fund based – Term Loans | 138.10 | 219.00 | [ICRA]BBB (Stable); reaffirmed/ assigned for enhance amount |
| Short-term – Non-fund based | 11.00 | 6.00 | [ICRA]A3+; reaffirmed |
| Long-term – Unallocated | 10.90 | 40.00 | [ICRA]BBB (Stable); reaffirmed/ assigned for enhance amount |
| Total | 285.00 | 405.00 | |

*Instrument details are provided in Annexure-I,

Rationale

The reaffirmation of ratings for the bank facilities of Victora Industries Private Limited (Victora) reflects the anticipated growth in its revenues and earnings over the near-to-medium term, driven by the expected ramp-up in business from new passenger vehicle customers, Mahindra & Mahindra (M&M) and Tata Motors Limited (TML), which is likely to ease pressure on the debt protection metrics. The ratings continue to be supported by the promoters' extensive experience and Victora's established operational track record as a sheet metal component supplier to reputed original equipment manufacturers (OEMs) and their vendors across domestic and export markets. Victora's business profile remains supported by an established customer base, which includes Maruti Suzuki India Limited (MSIL), M&M, TML, JCB India Limited (JCB) etc. Its in-house tool manufacturing capabilities further enhance its business profile.

The ratings, however, are constrained by Victora's moderate financial profile and return indicators, impacted by the recent large debt-funded capex that weakened its debt protection metrics in FY2024 and FY2025. However, these metrics are expected to improve from FY2026, supported by earnings growth from new customers and absence of major debt addition. Victora incurred higher-than-anticipated debt-funded capex to establish two manufacturing units in Sanand, Gujarat, and Pune, Maharashtra, leading to a moderation in its leverage metrics. With both the plants becoming operational in February 2024 and August 2024, respectively, the company expects to generate additional revenue of Rs. 200-250 crore from these facilities in FY2026.

With the current capex cycle completed and full-term debt availed in FY2025, Victora's debt coverage metrics are expected to improve from FY2026, aided by ramp-up of operations and no material increase in debt level. Thus, the company's ability to expand business with new customers (TML and M&M) and deliver adequate returns will be closely monitored, going forward. The ratings also reflect the company's exposure to fluctuations in automotive demand and raw material prices.

The Stable outlook on Victora's long-term rating reflects ICRA's opinion that the company's credit profile will be supported by healthy increase in revenues and earnings, and improvement in its credit metrics.

Key rating drivers and their description

Credit strengths

Established track record in auto ancillary industry – The promoters have been involved in the auto ancillary business for more than five decades. The Banga family had established Victora in 1972 as a proprietorship business. Mr. Satbir Singh Banga, the third generation of the family, looks after the day-to-day operations of the company, supported by a qualified management

team. Victora's established track record in the auto ancillary industry along with its strong operational profile, lend healthy revenue visibility.

Established relationships with reputed customers in automobile industry – Victora manufactures sheet metal components for various domestic and overseas customers in the automobile industry. The company's clientele includes reputed players from the passenger vehicles (PV), two wheelers (2Ws), tractor, agriculture equipment and construction equipment industries. Its major customers are MSIL, JCB Group, International Tractors Limited (ITL), FCC Group, Plastic Omnium Auto Energy (export market), Adient India Private Limited, Rane NSK, etc. The additions like TML and M&M to the client base strengthen its business profile. The company has been deriving 70-75% of its revenues from the PV industry, 10-12% from 2Ws and the balance from tractors and construction equipment.

Healthy revenue and earnings growth, supported by expansion of client portfolio – Victora's has reported a healthy revenue growth of approximately 18% in FY2025, led by steady demand from existing business and additional revenue of approximately Rs. 114 crore from the newly added customers, TML and M&M. Going forward, Victora's growth momentum is likely to continue, aided by further ramp-up in revenue from TML and M&M as FY2026 will be the first full year business with them. The company is expected to record higher profit margin from TML and M&M on account of the criticality of the components and the early associations with them for their Sanand and Pune manufacturing plants.

Credit challenges

Large debt-funded capex resulted in moderation in debt protection and return metrics; expected to improve over the near-to-medium term – Victora has undertaken large debt-funded capex of Rs. 280-300 crore during FY2023-FY2025 mainly for the manufacturing units of TML and M&M, in line with the requirements of the OEMs. Moreover, to keep its existing manufacturing facilities updated, the company has been spending Rs. 20-25 crore annually towards its upkeep, included in the above capex amount. Victora's debt protection metrics and return indicators deteriorated in FY2024 and FY2025 due to debt related to the capex. Its external debt¹/OPBDITA remained above 4 times, while DSCR moderated to the range of 1-1.2 times during FY2024-FY2025. The external debt/OPBDITA and DSCR are expected to improve gradually to 2.5-3 times and 1.4-1.6 times, respectively, during FY2026-FY2027, on account of increasing revenue and earnings from TML and M&M with no major incremental debt-funded capex under purview.

Relatively high client concentration risk, likely to moderate gradually – Victora's revenue was mainly contributed by MSIL in the PV segment historically. The client concentration risk was mitigated to an extent by MSIL's leading position in the PV industry and Victora's long-term association with them. Moreover, the client concentration risk will improve gradually with the addition of new customers, TML and M&M, in FY2025, which will ease dependency on MSIL to some extent.

Intensely competitive industry limits pricing power – The auto ancillary industry is intensely competitive due to the presence of various organised and unorganised players. This limits the pricing power of industry players and keeps profitability under check.

Liquidity position: Adequate

Victora's liquidity position is adequate, backed by steady cash generation of Rs. 60-70 crore from operations and an average buffer of Rs. 10-15 crore in its working capital limits as of May 2025. The company faces sizeable debt repayments of Rs. 50-55 crore in both FY2026 and FY2027, which are expected to be met through internal accruals and available fund-based limits. To further support funding needs, the promoters plan to infuse approximately Rs. 15 crore in FY2026, of which Rs. 8.25 crore was already infused in May 2025. No major capex or new debt is planned for FY2026 and FY2027, as the current capex cycle concludes in FY2025. Promoters are also expected to extend additional financial support if required, consistent with the past track record.

¹ total debt-less promoter debt

Rating sensitivities

Positive factors – ICRA could upgrade Victora’s ratings, if there is a sustained improvement in debt coverage metrics and liquidity position. A specific credit metric for ratings upgrade would be DSCR more than 1.8 times, on a sustained basis.

Negative factors – A negative rating action could be triggered with significant deterioration in revenues and profitability or working capital cycle, which weakens its financial and/or the liquidity profile on a sustained basis. A specific credit metric for ratings downgrade includes external debt (total debt-less promoter debt)/OPBDITA of higher than 3.0 times, on a sustained basis.

Analytical approach

| Analytical Approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology Auto Components |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | The ratings are based on standalone financial profile of Victora |

About the company

Victora (formerly known as Victora Tool Engineers Private Limited) was initially incorporated in 1972 by the Banga family as a proprietorship business. Victora, currently headquartered in Faridabad, Haryana, manufactures automotive components (sheet metal components) and supplies them to its OEM clients in the PV, 2W, tractor, agricultural equipment and construction equipment segments. Additionally, Victora caters to all categories in the PV segment and has set up two new manufacturing units in Sanand for TML and in Pune for M&M. The Sanand manufacturing unit became operational in February 2024, and the Pune plant became operational in August 2024.

Key financial indicators (audited/ provisional)

| VIPL standalone | FY2024 | FY2025* |
|--|--------|---------|
| Operating income | 925.7 | 1,114.5 |
| PAT | 13.1 | 22.6 |
| OPBDIT/OI | 9.2% | 9.1% |
| PAT/OI | 1.4% | 2.0% |
| Total outside liabilities/Tangible net worth (times) | 3.0x | 3.2x |
| Total debt/OPBDIT (times) | 4.3x | 4.0x |
| External debt/OPBDIT (times) | 4.2x | 3.9x |
| Interest coverage (times) | 4.5x | 2.9x |

Source: Company, *provisional financials submitted by company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. Crore, Note: All financial ratios as per ICRA’s calculation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current rating (FY2026) | | | Chronology of rating history for the past 3 years | | | | | |
|---------------------|--------------------------|-------------------------------|-------------|----------------------------------|---|----------------------------------|-------------|----------------------------------|-------------|---|
| | | Amount Rated (Rs Crore) | FY2026 | | FY2025 | | FY2024 | | FY2022 | |
| | | | Date | Rating | Date | Rating | Date | Rating | Date | Rating |
| Cash Credit* | Long-term/ Short-term | 140.0 | 25-Jun-2025 | [ICRA]BBB (Stable)/ [ICRA]A3+ | 30-Aug-2024 | [ICRA]BBB (Stable)/ [ICRA]A3+ | 30-May-2023 | [ICRA]BBB (Stable)/ [ICRA]A3+ | - | - |
| Term Loans | Long Term | 219.0 | 25-Jun-2025 | [ICRA]BBB (Stable) | 30-Aug-2024 | [ICRA]BBB (Stable) | 30-May-2023 | [ICRA]BBB (Stable) | 30-Nov-2021 | [ICRA]BB+ (Stable) Withdrawn |
| | | | | | - | - | - | - | 22-Jul-2021 | [ICRA]BB+ (Stable) |
| LC/ BG** | Short Term | 6.00 | 25-Jun-2025 | [ICRA]A3+ | 30-Aug-2024 | [ICRA]A3+ | 30-May-2023 | [ICRA]A3+ | - | - |
| Unallocated | Long Term | 40.0 | 25-Jun-2025 | [ICRA]BBB (Stable) | 30-Aug-2024 | [ICRA]BBB (Stable) | 30-May-2023 | [ICRA]BBB (Stable) | - | - |
| Cash Credit | Long Term | - | - | - | - | - | 30-May-2023 | [ICRA]BBB (Stable) | 30-Nov-2021 | [ICRA]BB+ (Stable) Withdrawn |
| | | | | | - | - | - | - | 22-Jul-2021 | [ICRA]BB+ (Stable) |
| Unallocated | Long Term/ Short Term | - | - | - | - | - | - | - | 30-Nov-2021 | [ICRA]BB+ (Stable)/ [ICRA]A4+ Withdrawn |
| | | | | | - | - | - | - | 22-Jul-2021 | [ICRA]BB+ (Stable)/ [ICRA]A4+ |

Source: Company, *includes WCDL/PCFC/bill discounting, **Letter of credit/bank guarantee

Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|--|----------------------|
| Long-term/Short-term – fund-based – Cash Credit | Simple |
| Long-term – Fund Based – Term Loans | Simple |
| Short-term – Non-fund Based | Very simple |
| Long-term – Unallocated | Not Applicable |

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 | Cash Credit* | NA | NA | NA | 140.00 | [ICRA]BBB (Stable)/ [ICRA]A3+ |
| NA | Term Loans | April 2019 | 8.5-10.0% | March 2032 | 219.00 | [ICRA]BBB (Stable) |
| NA | LC/ BG | NA | NA | NA | 6.00 | [ICRA]A3+ |
| NA | Unallocated | NA | NA | NA | 40.00 | [ICRA]BBB (Stable) |

Source: Company; *includes WCDL/PCFC/bill discounting

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

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

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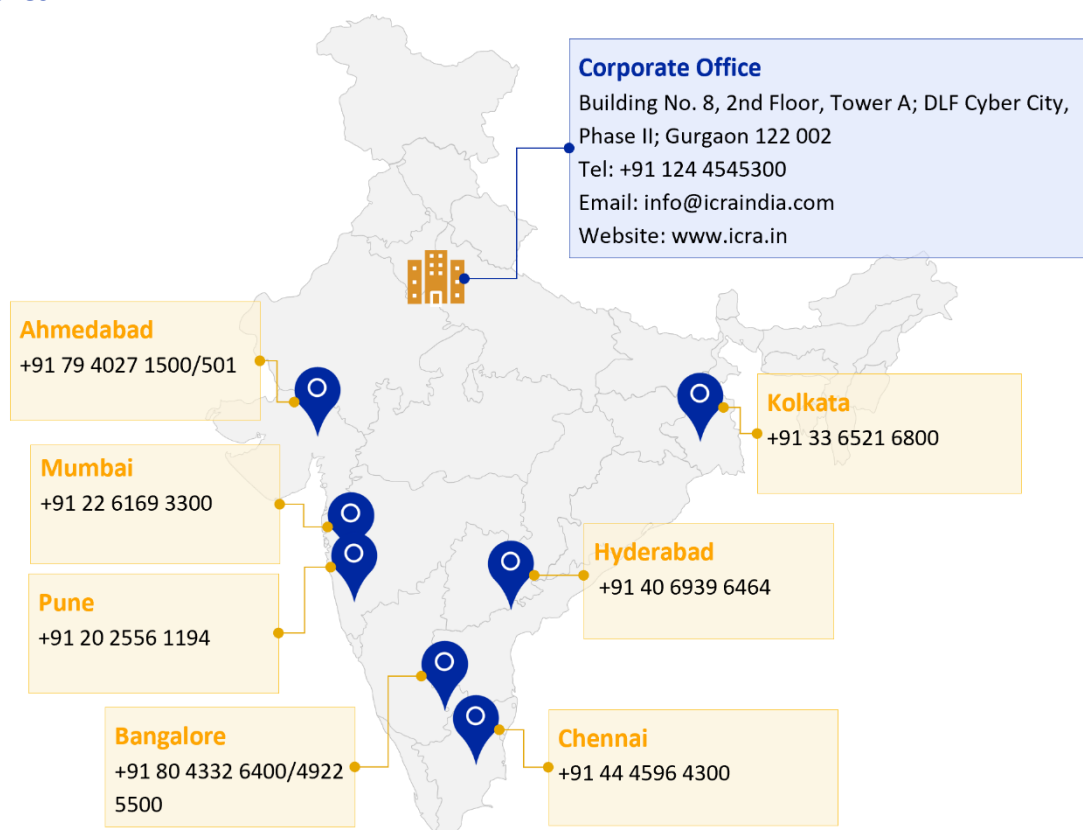
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