September 01, 2025

Besmak Components Private Limited: Ratings upgraded and assigned for enhanced limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term – Fund-based – Term Loan	6.59	28.23	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable) and assigned for enhanced limits
Long Term – Fund-based – Cash credit	18.00	40.00	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable)and assigned for enhanced limits
Short Term – Non-fund Based – LC/BG	10.00	17.00	[ICRA]A2; upgraded from [ICRA]A3+and assigned for enhanced limits
Long Term/Short Term – Unallocated	0.41	16.64	[ICRA]BBB+ (Stable)/ [ICRA]A2; upgraded from [ICRA]BBB (Stable)/ [ICRA]A3+ and assigned for enhanced limits
Total	**35.00**	**101.87**	

**Instrument details are provided in Annexure I*

Rationale

The upgrade in the ratings on the bank lines of Besmak Component Private Limited (BCPL) considers the healthy scale-up in its operations over the past couple of years, while maintaining a strong margin profile, enabling it to limit reliance on external borrowings and maintain comfortable credit metrics, which are expected to sustain, going forward. The company reported a strong operating profit margin (OPM) of 15.7% in FY2025, aided by healthy capacity utilisation at its existing plants and associated benefits of operating leverage, in addition to periodic cost optimisation measures undertaken. However, it contracted on a YoY basis on account of costs incurred towards enhancing its business prospects. BCPL's debt metrics are comfortable with total debt/OPBITDA of 1.4 times in FY2025 and an interest coverage of 9.3 times in FY2025, supported by a moderate dependence on external borrowings and consistent plough-back of profits into the business. ICRA expects the debt metrics to remain comfortable over the medium term, albeit some moderation due to the expected debt-funded investments for capacity expansion, upgradation and maintenance. The ratings also favourably factor in BCPL's reputed clientele, comprising tier-I auto component suppliers and its diversified end-user customer base. The company has been getting repeat orders from its customers and has been able to expand its clientele periodically. The company has been in existence for over three decades, and its management team has extensive experience in the auto component industry.

The ratings, however, remain constrained by BCPL's relatively modest scale, debt-funded capex plans and segment concentration. Although the company's revenue increased at a CAGR of 20% during FY2021-FY2025, aided by improvement in auto industry volumes, import substitution and increase in value addition among others, its scale remained relatively modest with revenues of t Rs. 279.4 crore in FY2025, given the nature of the product supplied. Despite healthy margins, the modest scale has resulted in a relatively moderate net worth for the company, which stood at Rs. 108.6 crore as of March 31, 2025. Also, the company has significant capex plans of Rs. 40-50 crore annually over the next three years, some part of which would be debt funded, which can constrain further meaningful improvement in debt metrics. Also, its margins are vulnerable to volatility in raw material prices, although the negotiation-based pass-throughs for raw material prices mitigate the risk to an extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by its established business profile and steady cash accruals.

Key rating drivers and their description

Credit strengths

Healthy profit margins and comfortable debt metrics – The company reported an operating profit margin of 15.7% in FY2025 (previous year [PY]: 18.3% in FY2024), aided by benefits from the operating leverage, considering healthy capacity utilisation of existing manufacturing facilities, and periodic cost optimisation measures undertaken. Its debt metrics are comfortable with total debt/OPBITDA of 1.4 times in FY2025 (FY2024: 0.9 times) and an interest coverage of 9.3 times in FY2025 (FY2024:16.9 times), aided by healthy accruals and absence of significant debt-funded capex in the past. ICRA expects the debt metrics to remain comfortable over the medium term, albeit some moderation due to the expected debt-funded capex for capacity expansion, upgradation and maintenance.

Diversified customer base and periodic addition of customers – The company's customer base comprises reputed tier-I auto component suppliers such as Dhoot Transmission Private Limited, Samvardhana Motherson International Limited (rated [ICRA]AAA(Stable)/[ICRA]A1+), Bosch and Visteon Electronics India Private Limited, among others. Further, the client base is diversified with the top 10 customers contributing 67.3% to the total revenues in FY2025, mitigating risks arising from loss of customers to competition and slowdown in orders from the top customers to an extent. The company has also been getting repeat orders from its customers and has been able to expand its clientele periodically.

Experienced management team – The company has been in existence for over three decades, and the promoters are involved in the day-to-day operations of the business. BCPL also has an experienced management team with extensive experience in the auto component industry. This has aided in expanding the business over the years, with repeat orders, expansion of product portfolio and periodic addition of clients.

Credit challenges

Modest scale of operations and low net worth – BCPL reported a modest operating income of Rs. 279.4 crore in FY2025. Nevertheless, the company's revenue rose at a CAGR of 20% for the period FY2021-FY2025, aided by improvement in auto industry volumes, import substitution and increase in share of business with key customers, among others. Despite healthy margins, the modest scale has resulted in relatively moderate net worth for the company, which stood at Rs. 108.6 crore as on March 31, 2025.

Significant debt-funded capex plans – The company has capex plans of Rs. 40-50 crore annually over the next three years towards capacity expansion, upgradation and maintenance. With some portion of this capex is expected to be debtfunded, the debt metrics are likely to moderate from the current level, although they are expected to continue to remain comfortable. ICRA notes that the capex is required for the company to improve its market share and capture incremental business opportunities.

High segment concentration – The company has relatively high segment concentration with 67.1% of revenues in FY2025 derived from the two-wheeler (2W) segment. Further, its revenues are entirely derived from the domestic market. This exposes the company to risks arising from downturns in the Indian 2W segment. However, the company is gradually increasing its presence in the commercial vehicle (CV) and passenger vehicle (PV) segments, which could mitigate the risk to some extent over the medium-to-long term. The ability to achieve material segment diversification over the medium term, however, remains monitorable.

Susceptibility of margins to volatility in raw material prices – BCPL's margins are susceptible to variation in commodity prices. However, the company's practice of negotiation-based pass-throughs for raw materials price increases has historically limited the moderation in margins. Also, BCPL has benefitted from improved operating leverage and periodic cost-optimisation measures, and these are likely to continue, going forward. The company's revenues are also susceptible to the cyclicality of the auto industry and competition from imports, like other industry players, although the company's ability to demonstrate revenue growth and add customers periodically over the years, provides comfort.

Liquidity position: Adequate

The liquidity is adequate with cash flow from operations of Rs. 28-30 crore expected annually, cash and bank balances of Rs. 19.3 crore and Rs. 7.3 crore of investments in mutual funds as of March 31, 2025. The company also had unutilised working capital limits of Rs. 11.6 crore as of March 2025 and has tied up incremental term loans of Rs. 27 crore and fund-based working capital limits of Rs. 10 crore, which would further support its liquidity. Against these, the company has capex plans of Rs. 50 crore in FY2026 towards machinery for capacity expansion and upgradation of machines, which are to be funded partly by debt and internal accruals. The company has repayment obligations of Rs. 9.37 crore in FY2026, Rs. 8.77 crore in FY2027 and Rs. 6.38 crore in FY2028. ICRA expects the company to remain self-sufficient in meeting its cash outflow requirements from existing sources of cash and tie up incremental debt as per its requirements.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a healthy and sustained scale-up in operations, along with maintaining healthy debt protection metrics, margins and liquidity position.

Negative factors – The ratings could be downgraded if there is a material sustained weakening in its earnings and rise in debt levels, weakening the coverage metrics and liquidity position. Specific trigger for downgrade includes DSCR < 1.8 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	For arriving at the ratings, ICRA has considered the consolidated financials of BCPL. Refer to the Annexure II for the list of entities considered for consolidation

About the company

Besmak Components Private Limited was incorporated in 1994 by Late C.N. Hari, a first-generation entrepreneur and is currently run by Ms. Hema Hari (his wife) and Mr. R. Rajesh, after his demise. The company is a tier-II auto component supplier and has three major product segments – connectors, engineering products and stamping products – which contributed 63%, 26% and 11%, respectively to FY2025 revenues. It supplies largely to the domestic OEM segment and 67% of its revenues in FY2025 were from the 2W segment. The company has a wholly-owned subsidiary, CNH Moulds Private Limited, which is a tool manufacturer. The company has manufacturing facilities in Oragadam (near Chennai), Ambattur (Chennai) and Sanand (Gujarat).

Key financial indicators (audited)

BCPL (consolidated)	FY2024	FY2025
Operating income	232.8	279.4
PAT	25.7	23.4
OPBDIT/OI	18.3%	15.7%
PAT/OI	11.0%	8.4%
Total outside liabilities/Tangible net worth (times)	1.1	1.0
Total debt/OPBDIT (times)	0.9	1.4
Interest coverage (times)	16.9	9.3

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Sept 01, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long Term	28.23	[ICRA]BBB+(Stable)	Oct 11, 2024	[ICRA]BBB (Stable)	-	-	-	-
Cash credit	Long Term	40.00	[ICRA]BBB+(Stable)	Oct 11, 2024	[ICRA]BBB (Stable)	-	-	-	-
LC/BG	Short Term	17.00	[ICRA]A2	Oct 11, 2024	[ICRA]A3+	-	-	-	-
Unallocated	Long Term/ Short Term	16.64	[ICRA]BBB+(Stable)/ [ICRA]A2	Oct 11, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – Fund Based – Cash credit	Simple
Short Term – Non-fund Based – LC/BG	Very Simple
Long Term/Short 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	**Term Loan**	FY2020	7.35%-9.50%	FY2029	28.23	[ICRA]BBB+(Stable)
NA	**Cash credit**	NA	NA	NA	40.00	[ICRA]BBB+(Stable)
NA	**LC/BG**	NA	NA	NA	17.00	[ICRA]A2
NA	**Unallocated**	NA	NA	NA	16.64	[ICRA]BBB+(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

Company name	BCPL ownership	Consolidation approach
CNH Moulds Private Limited	100.00%	Full Consolidation

Source: Company
Note: ICRA has taken a consolidated view of the parent (BCPL) and its subsidiary while assigning the ratings

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Sruthi Thomas
+91 80 4332 6430
sruthi.thomas2@icraindia.com

K. Srikumar
+91 44 4596 4318
ksrikumar@icraindia.com

Himanshu Gupta
+91 124 4545 300
himanshu.gupta@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