



Bill Forge Private Limited

Instruments	Amounts	Rating Action
	(Rs. Crore [*])	December 2015
Long term: Term Loans	82.08 (revised from 94.30)	[ICRA]AA- (stable) / Upgraded from [ICRA]A+ (positive)
Long-Term: Fund Based Limits	100.00	[ICRA]AA- (stable) / Upgraded from [ICRA]A+ (positive)
Short-Term: Fund Based Limits	29.00	[ICRA]A1+ / reaffirmed
Short-Term: Non-Fund Based Limits	45.00	[ICRA]A1+ / reaffirmed

ICRA has upgraded the long-term rating outstanding on the Rs.82.08 crore (revised from 94.30 crore term loan facilities and the Rs.100.00 crore long term fund based facilities of Bill Forge Private Limited (“BFPL”/ “the Company”) to [ICRA]AA- (pronounced ICRA double A minus)[†] from [ICRA]A+ (pronounced ICRA A plus). The outlook on the long term rating is revised from Positive to Stable. ICRA has also reaffirmed the short-term rating outstanding on the Rs.29.00 crore short term fund based limits and Rs.45.00 crore short term non-fund based facilities of BFPL at [ICRA]A1+ (pronounced ICRA A one plus).

The rating action considers the improved financial profile of the company following the second tranche of equity infusion to the tune of Rs.50.0 crore by the Private Equity (PE) investor – Kedaara Capital Alternative Investment Fund (“KCAIF” / “investor”) in August 2015. This follows the initial tranche of Rs. 53.7 crore fund infusion in February 2015; leading to reduction in company’s working capital utilisation levels in the recent months apart from supporting the capitalisation ratios.

During H1 2015-16, the company’s operating income (provisional) stood at Rs. 274.4 crore (up 10.1% YoY) with operating and net margin of 19.4% and 7.8% respectively; sizeable margin expansion is seen at net levels following the reduction in working capital utilizations and consequent decline in interest expenses. ICRA expects the Company’s debt protection metrics to remain strong supported by steady accretion to reserves given the moderate debt funded capital expenditure plans towards capacity expansion over the medium term. The ratings also continue to factor BFPL’s strong wallet share and established relationships with renowned two-wheeler OEMs and tier-1 vendors in the four-wheeler segment in addition to improved product mix through regular addition of new products which continue to enhance business prospects of the company. Further, the company’s upcoming plant in Mexico is expected to provide geographical diversification while supporting revenue growth going forward.

The ratings continue to factor BFPL’s dependence on its top three customers (amounting for about 31% of the company’s revenues during 2014-15) in the domestic market and its exposure to the inherent cyclical nature in the Indian automotive industry. The ratings also factor the limited pricing flexibility and dependence on the automobile sector as the single source of revenues. BFPL’s ability to sustain its healthy market share with major customers and maintain its strong financial profile through the planned capital expenditure in addition to achieving healthy utilizations in its upcoming Mexico plant would be the key rating sensitivities.

Company Profile

Bill Forge Private Limited is engaged in the manufacture of a range of precision forged (hot, cold and warm forgings) and machined automotive components. The automotive components manufactured by the company include steering races (bearings for the steering handle) and retainers (engine component) for two/three/four-wheelers; driveline assembly parts (such as CV Outers and tripots/tulips) and transmission system parts (such as shafts, gear blanks, flanges) mainly for Passenger Vehicles (PVs). After having commenced its operations in 1985 as a job-worker, the

^{*} 100 lakhs = 1 crore = 10 millions

[†] For complete rating scale and definitions, please refer ICRA’s website (www.icra.in) or other ICRA Rating Publications



company later entered into manufacture of universal joint components. With expansion of its product portfolio over the years, BFPL is presently the largest manufacturer of steering races and retainers in India with a dominant market share (85-90%) with major two-wheeler manufacturers including Bajaj Auto Limited, Hero MotoCorp Limited, TVS Motor Company Limited, Honda Motorcycles & Scooters India Limited and India Yamaha Motor Private Limited. In the four-wheeler segment, the company mainly caters to tier I players like NTN and GKN. In addition, BFPL also exports four-wheeler components to renowned global automobile manufacturers like General Motors and Ford Motor Company and also supplies mainly to Tier I player like NTN, American Axle and Nexteer Automotive. Domestic market, however, forms the bulk of the Company's business at around 92% of net revenues in 2014-15.

BFPL's manufacturing facilities are located at Bangalore (two units at Jigani and one unit each at Attibele and Bommasandra), Haridwar (one unit catering to Hero MotoCorp) and Coimbatore (one unit). The company's forging operations are supported by machining, heat treatment and grinding facilities.

Recent Results

For 2014-15, the Company reported a net profit of Rs.28.0 crore on an operating income of Rs.498.2 crore as against a net profit of Rs.25.6 crore on an operating income of Rs.393.2 crore in 2013-14. As per provisional financials for half year ended September 30, 2015, the company reported a net profit of Rs.21.5 crore on an operating income of Rs.274.4 crore.

December 2015

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