

Star Engineers India Private Limited

February 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	6.15	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	9.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	3.00	CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Rating Limited (CARE Ratings) has been seeking information from Star Engineers India Private Limited (SEIPL) to monitor the ratings vide e-mail communications dated January 07, 2025, January 24, 2025, February 07, 2025, among others and multiple phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings based on best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, SEIPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SEIPL's bank facilities will now be denoted as **CARE BB+; Stable / CARE A4+ ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account moderate profitability margins, working capital intensive nature of operation, customer concentration risk, cyclical nature associated with the auto component industry along with presence in competitive and fragmented industry, comfortable capital structure, debt coverage indicators and adequate liquidity position, experience of promoter group, well-equipped and strategic location of manufacturing facilities along-with presence of inhouse research, diversified product profile and long-established relations with reputed clientele.

Detailed description of key rating drivers:

At the time of last rating on January 08, 2024, the following were the rating strengths and weaknesses:

Key weaknesses:

Moderate profit margins:

PBILDT margin of the group continued to remain moderate at 7.28% in FY23 vis-à-vis 8.41% in FY22 on account of increase in cost of material consumed (70% in FY23 vis-à-vis 65% in FY22). However, net profit margin improved to 3.84% in FY23 from 2.05% in FY22 on account of decline in interest cost with reduction of total debt, decline in depreciation cost and extraordinary income of Rs. 5.33 crore earned through package scheme of incentives for the year FY20 and FY21. Group is expected to receive around Rs. 3 to 3.50 crore every year till FY30. However, excluding extraordinary income, group has achieved net profit margin of 2.40% in FY23 vis-à-vis 2.05% in FY22.

On standalone basis, the PBILDT margin remained at 5.36% against 5.01% in FY23 on standalone basis, however PAT margin declined to 1.79% in FY24 against 2.49% in FY23.

Customer concentration risk:

Group specializes in manufacturing auto-electronic components and supplies the products to two-wheelers and three-wheelers Original Equipment Manufacturers (OEMs). The revenue stream of group is concentrated with largest contribution from Bajaj Auto Limited (BAL) and Honda Motorcycle & Scooter India (HMSI), contributing to more than 50% of the sales during last 3 years ended FY23. Although these customers are well-established players enjoying a strong position in the industry, the high dependence on them for revenue exposes group to the fluctuation in demand of two-wheeler and three-wheeler sales. The risk is mitigated to certain extent with the fact that the group has been dealing with these clients for more than 15 years.

Presence in competitive industry:

Group manufactures products and operates in an industry which comprises of several players in the unorganized sector and is also characterized by high degree of fragmentation. There also exists, large-sized companies resulting in intense competition in the industry. The auto ancillary industry is characterized by low entry barriers and low level of product differentiation. Therefore,

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

pricing is the key for the group to garner customer especially with no long-term contracts. However, continued association with OEMs such as Bajaj Auto Limited, Honda Motorcycle and Piaggio Vehicles Private Limited lends comfort in maintaining its revenue profile.

Cyclical associated with the auto component industry:

The auto component industry is cyclical in nature and automotive component suppliers' performance are directly linked to the sales of auto OEMs and in-turn exposed to cyclical demand patterns inherent to the automobile industry and ability of the OEMs to sustain their operating performance. The demand and performance for the auto industry is also susceptible to changes in the economic climate. A fall in the level of economic activity can dissuade the customers, thereby impacting the sales of the automotive industry as the automobile manufacturers may limit the production levels

Key strengths:

Experienced promoters and management team:

Group is jointly spearheaded by the promoter- Mr. Kishorilal Ramraika as Chairman, and his son- Mr. Divya Ramraika who ably supports the operations as Managing Director of the company. Mr. Kishorilal Ramraika holds extensive experience of more than four decades in the automobile sector and by qualification is a Mechanical Engineer (gold medallist). He began the auto electronic product manufacturing business in the year 1988 by setting up a plant in Chinchwad, Pune. Mr. Divya Ramraika holds experience of around two decades in the automobile sector and by qualification is a BE & MBA. The promoters are further supported by executives who hold a rich experience in the industry. Over the years, management has successfully established strong relationships with the customers and suppliers in the industry which has helped the company establish strong foothold in the industry.

Growing scale of operations yet modest scale of operation:

The group achieved growth of 29% in total operating income to Rs. 368.98 crore in FY23 from Rs. 286.89 crore in FY22 on account of improvement in demand in two & three-wheeler vehicles post pandemic led to increase in volume sold coupled with increase in prices of products. Further group has posted total operating income of Rs. 300 crore in 8MFY24. However despite the growth the scale continues to remain modest.

On standalone basis, the company achieved TOI of 407.64 crore in FY24 against 345.30 crore IN FY23.

Comfortable capital structure and debt coverage indicators:

Capital structure of the group improved and remained comfortable with overall gearing of 0.77x as on March 31, 2023 vis-à-vis 1.31x as on March 31, 2023 on account of decline in total debt due to repayment of term loan and lower utilization of working capital bank borrowing. Further considering corporate guarantee extended to associate company, adjusted overall gearing remained at 0.84x as on March 31, 2023 which improved from 1.31x as on March 31, 2022 on account of discontinuation of corporate guarantee given for home loan of promoters in FY23.

Further debt coverage indicators also remained comfortable with interest coverage ratio of 4.91x in FY23 vis-à-vis 3.80x in FY23 due to decline in interest cost in FY23. Total debt to gross cash accruals also improved to 2.02x in FY23 vis-à-vis 3.80x in FY22 on account of decline in total debt and increase in gross cash accruals in FY23.

On standalone basis, the capital structure remained comfortable with overall gearing remaining stable at 0.70 times as on Mar 31st, 2024. The debt coverage indicators improved with interest coverage stood at 4.55x in FY24 against 3.28x in FY23.

Well-equipped manufacturing facilities and strategic location of manufacturing and distribution facilities

The manufacturing facilities of group are located in close proximity to the manufacturing facilities of its largest customer Bajaj Auto Limited (BAL) i.e. Chakan, Pune. Group has been a traditional supplier to BAL in the two-wheeler and three-wheeler segment (2W/3W) and holds relationship of around 30 years with the client. Group also has Research & Development (R&D) facilities where products are customized, designed developed and efficiencies of existing products is improved. Pune being an auto hub gives opportunity to group to cater to other OEMs also apart from BAL. Furthermore, the group has warehouses in other strategic locations for auto companies i.e. in Manesar (Haryana), Ahmedabad (Gujarat) and Bangalore (Karnataka) which helps them cater to OEMs and auto companies in these locations.

Diversified product profile and long-established relations with reputed clientele

Group manufactures more than fifteen automobile electronic products as per BSVI regulatory norms based on the demand for auto OEM's. The company manufactures products that cater mainly to the two and three-wheeler segments. Around 70% of the revenue is generated from the two-wheeler segment and 30% from the three-wheeler. Over the period, group has established large customer base, which includes reputed OEMs and automobile companies with BAL being the largest customer in terms of contribution to sales. Thus, the both is both Tier-1 and Tier-2 supplier. Apart from BAL, other reputed clients include, Honda Motorcycle and Scooter (HMSI), Suzuki Motorcycle, EFI Technology SRL, Hero Motocorp, Piaggio vehicles etc. Further in electric vehicle segment, group has added reputed clients namely Atul Auto Limited, Bgauss Auto Private Limited, Bounce Electric 1 Private Limited, Chetak technology Limited, Euler Motor Private Limited, Godawari Electric Motors Private Limited, Greaves Electric Mobility, Hero Electric Vehicles Private Limited, India Yamaha Motor Private Limited, Kinetic Green Energy And Power Solution Limited, Ward Wizard Innovations and Mobility limited.

Liquidity: Stretched

The liquidity position remained stretched marked by sufficient cash accruals for repayment of Rs. 5.77 crore for FY24. Going forward, group is expected to receive subsidy of around Rs. 3 to 3.50 crore every year till FY30 under package scheme of incentive which covers major portion of repayment of term loan. Utilization level of working capital limits remained moderate at 65-80% on an average for past 12 months ended November 2023. Cash and bank balance stood at Rs.10.17 crore as on March 31, 2023 and Rs. 4 crore as on November 30, 2023 vis-à-vis Rs. 1.79 as on March 31, 2022. Further cash flow from operation stood positive at Rs. 23.39 crore in FY23 vis-à-vis Rs. 6.14 crore in FY22. Further, the current ratio and quick ratio stood moderate at 1.34 times and 0.56 times respectively as on March 31, 2023 (vis-à-vis current ratio and quick ratio of 1.14 times and 0.53 times respectively as on March 31, 2022).

Analytical approach: Consolidated

CARE has taken consolidated view of Star Engineers India Pvt Ltd as Star Engineers Vietnam Co Ltd, wholly owned Vietnam based subsidiary, engaged in manufacturing and trading of auto components and associate company (with shareholding of 26%) i.e. Star EQ Private Limited which is engaged in manufacturing of parts for electric vehicles.

Outlook: Stable**Environment, social, and governance (ESG) risks:** Not Applicable**Applicable criteria**

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

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About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

SEIPL established in the year 2003 is in the business of manufacturing of auto electronic products. The business initially was carried out under a partnership firm 'Star Engineers' before it was converted into a private limited company in the year 2003. SEIPL is based out of Pune and is currently headed by Mr. Kishorilal Ramraika. SEIPL caters to OEM's in automobile sector and manufactures a range of products like Capacitor Discharge Invisional Unit (CDI), flashers, regulators, relays, sensors and HVAC components. Over the years company has established clientele in the automobile sector. Primarily a domestic player, SEIPL has ventured overseas by setting up a manufacturing unit in Vietnam

Consolidated financials of Star group

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	8MFY24 (UA)
Total operating income	286.89	368.98	300.00
PBILDT	24.13	26.88	NA
PAT	5.88	14.17	NA
Overall gearing (times)	1.90	0.84	NA
Interest coverage (times)	3.80	4.91	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	9.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	3.00	CARE A4+; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	19-06-2027	6.15	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	9.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable / CARE A4+ (08-Jan-24)	1)CARE BB; Stable / CARE A4 (04-Nov-22)	1)CARE BB; Stable / CARE A4 (06-Aug-21)
2	Fund-based - ST-Vendor financing	ST	-	-	-	1)Withdrawn (08-Jan-24)	1)CARE A4 (04-Nov-22)	-
3	Term Loan-Long Term	LT	6.15	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB+; Stable (08-Jan-24)	1)CARE BB; Stable (04-Nov-22)	-
4	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE A4+ (08-Jan-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
2	Non-fund-based - ST-Letter of credit	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Star Engineers Vietnam Co Ltd	Full	Wholly owned subsidiary of SEIPL engaged in similar line of business
2	Star EQ Private Limited	Proportionate	Associate Company of SEIPL engaged in manufacturing of auto components for electric vehicles.

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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