

Press Release

Beardsell Limited

February 10, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.69	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	20.00	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	45.69	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of 'ACUITE BB+' (read as ACUITE Double B plus) and the short term rating of 'ACUITE A4+' (read as ACUITE A Four plus) on the Rs.45.69 crore bank facilities of Beardsell Limited (Beardsell). The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The ratings are being withdrawn on account of request received from the company and NOC received from the bankers.

About the Company

Chennai-based Beardsell was incorporated in 1936 and is currently promoted by the Anumolu family. The company is engaged in the manufacturing of pre-fab structures, industrial products (expanded polystyrene sheets, rigid polyurethane foam slabs) with their manufacturing units located in Mumbai (Maharashtra), Chennai (Tamil Nadu), Bangalore (Karnataka), Hyderabad (Telangana), Hapur (Uttar Pradesh) and Karad (Maharashtra). The company is listed on both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Analytical Approach

Acuite has considered the consolidated business and financial risk profile of Beardsell Limited, Sarovar Insulation Private Limited and Saideep Polytherm due to similarity in the lines of business and Beardsell wholly controls both the entities.
Extent of consolidation: Full

Key Rating Drivers

Strengths

Established market position

The company was incorporated in 1936 and is engaged in the manufacturing of pre-fab structures and industrial products, and is promoted by Anumolu family. The company is listed in both Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Having a track record of around 8 decades has helped the company to establish a strong market position and maintain healthy relations with its customers as well as with its suppliers.

Acuite believes that company's established market position would aid the business risk profile

of the company over the medium term.

Above average financial risk profile

The financial risk of the group is above average marked by moderate net worth, moderate debt protection metrics and average gearing levels. The net worth of the group stood at Rs.36.45 crore as on 31 March 2021 as against Rs.37.09 crore as on 31 March 2020. The Gearing (debt-equity) level has remained stable at 0.84 times as on 31 March 2021 as against 1.05 times as on 31 March 2020. Increase in operating profit has led to a reduction in financial leverage marked by Debt-EBITDA of 2.61 times in FY2021 as against 2.79 times in FY2020 and improvement in interest coverage ratio (ICR) to 2.21 times in FY2021 from 2.17 times in FY2020. TOL/TNW (Total outside liabilities-Total net worth) stood at 2.28 times as on 31 March 2021 as against 2.29 times as on 31 March 2020.

Acuité believes that the financial risk profile of the group is expected to remain above average on account of average net cash accruals and debt-funded working capital requirements.

Weaknesses

Working capital intensive nature of operations

There has been a deterioration in the working capital cycle of the group marked by Gross Current Assets (GCA) of 175 days in FY2021 as against 137 days in the previous year, this is primarily on account of elongated creditors' period of 144 days in FY2021 from 121 days in FY2020.

Acuité believes that the working capital operations of the company are likely to remain intensive on account of high debtors' collection period.

Downtrend in revenue and susceptibility of operating margins to volatility in raw material prices, albeit improvement in H1FY22

Operating income of the group has been fluctuating in the past and it reduced to Rs.132.25 crore in FY2021 from Rs.160.74 crore in FY2020. However, the same increased from Rs.47.88 crore in Q2FY22 from Rs.34.84 crore in Q1FY22 and Rs.31.83 crore in Q2FY21, and to Rs.82.72 crore in H1FY22 from Rs.47.67 crore in H1FY21, owing to resumption of demand post-COVID-19 pandemic. Operating margins of the group deteriorated to 8.14 percent in FY2021 from 8.49 percent in FY2020 due to raw material prices volatility. Hence, they are susceptible to changes in raw material (crude, iron and steel prices) prices, which are highly volatile. The group has not been able to pass on the price rise to its customer in the past.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position: Adequate

The group has adequate liquidity position marked by moderate net cash accruals to its maturing debt obligations. The group generated net cash accruals of Rs.5.66 crore in FY2021 as against repayment obligations of Rs.3.28 crore for the same period. The cash accruals of the company are estimated to remain in the range of around Rs.5-7 crore during FY2022-23. Company's average fund based bank limit utilization stood at ~76 percent for the last six-month period ended in August 2020. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term on account of moderate cash accrual.

Outlook: Stable

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	132.25	160.74
PAT	Rs. Cr.	(0.41)	0.82
PAT Margin	(%)	(0.31)	0.51
Total Debt/Tangible Net Worth	Times	0.84	1.05
PBDIT/Interest	Times	2.21	2.17

Status of non-cooperation with previous CRA (if applicable)

CRISIL F B+/Stable (ISSUER NOT COOPERATING; Placed on Notice of Withdrawal).

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector - <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
25 Jan 2022	Term Loan	Long Term	3.10	ACUITE BB+ (Issuer not co-operating*)
	Letter of Credit	Short Term	20.00	ACUITE A4+ (Issuer not co-operating*)
	Cash Credit	Long Term	16.75	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	4.24	ACUITE BB+ (Issuer not co-operating*)
	Term Loan	Long Term	1.60	ACUITE BB+ (Issuer not co-operating*)
31 Oct 2020	Term Loan	Long Term	1.60	ACUITE BB+ Negative (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	16.75	ACUITE BB+ Negative (Reaffirmed)
	Term Loan	Long Term	4.24	ACUITE BB+ Negative (Reaffirmed)
	Term Loan	Long Term	3.10	ACUITE BB+ Negative (Reaffirmed)
19 Mar 2020	Letter of Credit	Short Term	20.00	ACUITE A4+ (Downgraded from ACUITE A3+)
	Proposed Cash Credit	Long Term	15.46	ACUITE BB+ Negative (Downgraded from ACUITE BBB Negative)
	Cash Credit	Long Term	20.00	ACUITE BB+ Negative (Downgraded from ACUITE BBB Negative)
	Packing Credit	Short Term	5.00	ACUITE A4+ (Downgraded from ACUITE A3+)
	Term Loan	Long Term	4.24	ACUITE BB+ Negative (Downgraded from ACUITE BBB Negative)
07 Jan 2019	Cash Credit	Long Term	11.00	ACUITE BBB Negative (Reaffirmed)
	Packing Credit	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Proposed Cash Credit	Long Term	17.70	ACUITE BBB Negative (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BBB Negative (Assigned)
	Term Loan	Long Term	7.00	ACUITE BBB Negative (Reaffirmed)
	Packing Credit	Short Term	1.00	ACUITE A3+ (Assigned)
	Letter of Credit	Short Term	15.00	ACUITE A3+ (Reaffirmed)
30 Dec 2017	Term Loan	Long Term	9.21	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	11.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Packing Credit	Short Term	4.00	ACUITE A3+ (Upgraded from ACUITE A3)
		Short		

	Letter of Credit	Term	15.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Long Term Loan	Long Term	0.49	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
29 Sep 2016	Term Loan	Long Term	13.70	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	9.50	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Packing Credit	Long Term	3.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Working Capital Demand Loan	Long Term	1.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Letter of Credit	Short Term	12.50	ACUITE A3 (Upgraded from ACUITE A4+)
13 Oct 2015	Cash Credit	Long Term	9.50	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	13.70	ACUITE BB+ Stable (Reaffirmed)
	Packing Credit	Long Term	3.00	ACUITE BB+ Stable (Reaffirmed)
	Letter of Credit	Short Term	12.50	ACUITE A4+ (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.00	ACUITE BB+ Stable (Assigned)
07 Oct 2014	Term Loan	Long Term	14.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	6.50	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	2.30	ACUITE BB+ Stable (Assigned)
	Proposed Cash Credit	Long Term	0.70	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	2.25	ACUITE BB+ Stable (Assigned)
	Packing Credit	Short Term	3.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	3.50	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	2.30	ACUITE A4+ (Assigned)
	Proposed Letter of Credit	Short Term	0.70	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.75	ACUITE BB+ Reaffirmed & Withdrawn
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A4+ Reaffirmed & Withdrawn
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	4.24	ACUITE BB+ Reaffirmed & Withdrawn
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	3.10	ACUITE BB+ Reaffirmed & Withdrawn
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	1.60	ACUITE BB+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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