

Press Release

Bajrang Power Industries LLP

July 26, 2022



Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	7.00	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	7.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 7.00 Cr bank facilities of Bajrang Power Industries LLP. The outlook is '**Stable**'. The rating reaffirmation takes into account the promoter's experience in the business, expected recovery in the operating performance of the company and moderate financial risk profile.

About Company

Bajrang Power Industries LLP (BPIL) was incorporated in 2014, promoted by Mr. Dhruv Maheshwari. It is located in Dholpur, Rajasthan and is engaged in the manufacturing of PCC Poles.

About the Group

Bajrang Group promoted by Mr. Naveen Kumar Poddar, Mr. Dhruv Maheshwari and Mrs. Tripti Maheshwari comprises of six entities. Bajrang Wire Products (India) Private Ltd is the flagship entity and is the parent entity of the remaining five companies in the group. The parent entity is engaged in the manufacturing of ACSR wires, high tensile steel wires, 3 ply wires, armored cable and GSS wires and the manufacturing facility is located in Jaipur, Rajasthan. All five sister concerns together are engaged in the manufacturing of PCC Poles and are spread across domestically in different states. One of the primary components of these poles is wires which are procured from its parent Bajrang Wire Products (India) Private Ltd.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Bajrang Power Industries LLP (BPIL), Bajrang Wire Products (India) Private Limited, Bajrang Infra Industries, Bajrang Prestress Industries, Bajrang Pole Industries LLP and Bajrang Concrete Industries together referred to as the 'Bajrang Group'. The consolidation is in view of the common management and strong

operational and financial linkages.

Key Rating Drivers

Strengths

Experienced management

Bajrang Group is promoted by Mr. Naveen Kumar Poddar, Mr. Dhruv Maheshwari and Mrs. Tripti Maheshwari who are all industry veterans with a combined experience of around 50 years in the manufacturing of PCC poles and various types of wires for the purpose of electrical transmission. The rich experience of the promoters in the aforementioned line of business has enabled the group to maintain long and healthy relations with many reputed customers and suppliers. Some of the customers of the group are Tata Projects Limited, Bajaj Electricals Limited and Larsen & Toubro Ltd. Acuite believes that the group will benefit from its experienced management, which helps the group in maintaining long-standing relations with reputed customers and suppliers.

Weaknesses

Financial risk profile

The financial risk profile of the company is moderate and had been on a shaky ground in past three years. The company had marked the net worth of Rs.59.15 Cr in FY21 and Rs.55.28 Cr in FY2022(provisional). Gearing stood at 1.07 times as on 31 March, 2021 as against 1.38 times as on 31 March, 2022(provisional). The total debt of the company is Rs.73.16 which consists of long term debt of Rs.18.02 Cr, unsecured loans of Rs.8.62, short term debt of Rs.43.23 and current portion of long term debt amount to Rs.3.28 Cr. The Debt service coverage ratio of the company is 0.95 times in FY2022(provisional) as compared to 1.10 times in FY2021. The company has liquidated its investment to the tune of Rs. 2.16 Cr. in order to meet its short term liabilities. However, there is a slight improvement in the interest coverage ratio from 1.28 times in FY2021 to 1.42 times in FY2022(provisional). Albeit a slight improvement in the financial risk profile is expected in the medium term Acuite' believes that the company's financial risk profile will be dangling in the moderate region.

Moderate Working Capital Intensive

Bajrang Group has reported moderately working capital-intensive operations demonstrated from the GCA days of 131 days as on March 31, 2022(provisional) against 147 days as on previous year. The inventory days of the company is 41 days in FY2022 as compared to the 45 days in FY2021. Further, the debtor's days reduced from 89 days in FY2021 to 64 days in FY2022(provisional). However, the creditors are in line throughout the past years i.e. 16 days in FY2022(provisional).

High Fragmented Industry

The fragmented nature of the industry proves to be a major threat. Only 30 percent of the players in the industry are in the organized sector. Rest of the players are in the unorganized sector. The limited market share, competitive pressure because of the presence of a large number of players

Rating Sensitivities

- Growth in the operations with improvement in the profitability margins
- Any further elongation in the working capital management leading to any negative impact on the liquidity profile

Material Covenants

None.

Liquidity Position Stretched

Liquidity position of the group will remain stretched on account of tightly matching cash accruals vis-à-vis its repayment obligations coupled with low cash and bank balances. Cash

accruals of the group are expected to be in the range of Rs.7.33 Cr to Rs.9.42 Cr in FY2023 and FY2024 respectively against repayment obligations of Rs.3.28 Cr and Rs.7.13 Cr which leaves moderate cushion for incremental business purposes. The group's cash and bank balances also stood low at Rs.0.15 Cr as on March 31, 2022 with a moderate current ratio of 1.59 times in the same period. Further, the average bank limit utilisation is 92.96%.

Outlook : Stable

Acuité believes that the outlook of BPIL will remain 'Stable' over the medium term on account of the experience of the management in the industry. The outlook may be revised to 'Positive' in case the group registers significant growth in its revenues while maintaining its profitability. Conversely, the outlook may be revised to 'Negative' in case of any further stretch in its working capital management leading to deterioration in the financial risk profile and liquidity position.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	268.24	196.09
PAT	Rs. Cr.	(1.45)	(3.77)
PAT Margin	(%)	(0.54)	(1.92)
Total Debt/Tangible Net Worth	Times	1.32	1.07
PBDIT/Interest	Times	1.42	1.28

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

Not Applicable.

Any Other Information

Not Applicable

Applicable Criteria

- 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>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
30 Apr 2021	Term Loan	Long Term	2.50	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	4.50	ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable)
03 Feb 2020	Term Loan	Long Term	2.50	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Reaffirmed)
28 Jan 2019	Term Loan	Long Term	2.50	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.50	ACUITE BB+ Stable Reaffirmed
Bank of Baroda	Not Applicable	Term Loan	17-12-2014	10.65	30-09-2022	2.50	ACUITE BB+ Stable Reaffirmed

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 aditya.gupta@acuite.in Depanshi . Analyst-Rating Operations Tel: 022-49294065 depanshi.mittal@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.