



Press Release
BMW Industries Limited
October 05, 2023
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	207.04	ACUITE A- Reaffirmed & Withdrawn	-
Bank Loan Ratings	19.02	Not Applicable Withdrawn	-
Bank Loan Ratings	73.90	-	ACUITE A2+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	299.96	-	-

Rating Rationale

Acuite has reaffirmed & withdrawn its long term rating of **ACUITE A- (read as ACUITE A minus)** & short term rating of **ACUITE A2+ (read as ACUITE A two plus)** on bank facilities of Rs 280.94 Cr of BMW Industries Limited. The long term rating is withdrawn on the proposed bank facilities of Rs 19.02 Cr of BMW Industries Limited. The rating is being withdrawn on account of the request received from the company and the NOC / NDC received from the banker as per Acuite's policy on withdrawal of ratings.

Rationale for the Reaffirmation

The rating factors in the improving operating performance and healthy financial risk profile of BMWIL in FY2023, supported by a long term offtake agreement with Tata Steel Limited (TSL). The rating continues to draw comfort from the extensive experience of the promoters in the steel industry. The rating is, however, constrained by the company's working capital intensive nature of operations along with the company's exposure to the inherent cyclicity in the steel industry.

About the Company

Incorporated in 1999, BMW Industries Limited is a West Bengal based company engaged in processing of continuous galvanized lines on behalf of Tata Steel Limited (TSL) for around three decades. The company converts all the Hot Rolled (HR) materials supplied by Tata Steel limited into Galvanised Corrugated (GC) sheets which are sold under their flagship brand 'TATA Shaktee'. The company is the largest conversion agent supplying galvanized sheets on such a large scale to TSL. The company is also engaged in manufacturing of mild steel, and long and flat products such as tubular poles and structures. In October 2022, the company entered into a long term agreement with TSL for conversion of Billet to TMT bars for a period of 3 years, till September 2025. It has five manufacturing facilities, of which two are in West Bengal and three in Jamshedpur, Jharkhand. The units in West Bengal are dedicated for manufacturing of mild steel, long and flat products. The units in Jamshedpur are dedicated for conversion on behalf of TSL. The company is promoted by Mr. Ram Gopal Bansal and his family.

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of BMWIL to arrive at the rating.

Key Rating Drivers

Strengths

Long term association with TSL buoyed by experienced management

The company has a long track record of around four decades in the steel industry and has been associated with TSL since last two decades. The company is promoted by Mr. Ram Gopal Bansal and his family. Currently, his two sons, Mr. Harsh Kumar Bansal and Mr. Vivek Kumar Bansal look after the day-to-day operations of the company. In 2012, the company entered into an agreement to do the conversion work through continuous galvanising line and is the sole conversion agent of TSL for the roofing division. BMW converts all the Hot Rolled (HR) materials supplied by TATA Steel limited into GC sheets which are used mainly for roofing purpose, cover the Steel Structure and Industrial Sheds, Warehousing Buildings, etc. the strategic importance to TSL will continue to benefit BMW in the long run which ensures adequate revenue visibility and sustenance of strong business risk profile.

BMWIL witnessed an improvement in its scale of operations marked by its revenues at Rs 508.60 crore as against Rs 410.33 Cr in FY22. Further, EBITDA Margin for the FY23 stood at 21.77% as against FY22 at 25.20%. The Profit after tax margins (PAT) stood at 8.68% in FY23 as against 8.00% in FY22.

Healthy financial risk profile

The financial risk profile of the company remained healthy marked by healthy net worth, gearing ratio & debt protection metrics. The net worth stood at Rs 581.22 Cr as on 31 March 2023 as against Rs 460.08 Cr same period last year. The gearing level of the company remained at 0.37 times as on 31 March 2023 as against 0.52 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 0.59 times in as on 31 March 2023 compared against 0.74 times as on 31 March 2022. The debt protection matrices of the company is improving marked by Interest Coverage Ratio (ICR) of 5.01 times for FY23 and Debt service coverage ratio (DSCR) of 1.80 times for the same period. Acuité believes that the financial risk profile of the company will remain healthy over the medium term.

Weaknesses

Working capital intensive nature of operations

The operations of the company remained working capital intensive in nature marked by GCA Days of 267 days for FY23 as compared against 260 days for FY22. Furthermore, the receivables days stood 106 days in FY23 & 102 days in FY22. The inventory days of the company stood at 123 days for FY23 as against 164 days for FY22. The creditor days stood at 27 days for FY23 compared against 25 days for FY22.

Rating Sensitivities

- Growth in scale of operations while sustaining operating profitability
- Further elongation of working capital cycle
- Stretch in debtor period, leading to stretched liquidity

All Covenants

None

Liquidity Position

Adequate

The liquidity position of the company remains adequate marked by average net cash accruals of Rs 77.55 Cr in FY23 against maturing debt obligations of Rs 32.51 Cr for the same period. The current ratio of the company remains at 1.94 times as on 31 March 2023. The company has unencumbered cash and bank balances of Rs 7.12 Cr as on 31 March 2023.

Outlook: Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	508.60	410.33
PAT	Rs. Cr.	44.15	32.83
PAT Margin	(%)	8.68	8.00
Total Debt/Tangible Net Worth	Times	0.37	0.52
PBDIT/Interest	Times	5.01	4.84

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Jan 2023	Cash Credit	Long Term	54.50	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	26.24	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	3.08	ACUITE A- (Withdrawn)
	Working Capital Demand Loan	Long Term	3.98	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	5.96	ACUITE A- (Withdrawn)
	Bank Guarantee	Short Term	22.68	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	28.50	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	6.48	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	16.15	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee	Short Term	27.80	ACUITE A2+ (Reaffirmed)
	Bank Guarantee	Short Term	11.42	ACUITE A2+ (Reaffirmed)
	Term Loan	Long Term	27.75	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	12.00	ACUITE A2+ (Reaffirmed)
	Proposed Bank Facility	Long Term	19.02	ACUITE A- Stable (Reaffirmed)
	Working Capital Demand Loan	Long Term	1.44	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE A- Stable (Reaffirmed)
23 Nov 2021	Working Capital Demand Loan	Long Term	2.13	ACUITE A- Stable (Assigned)
	Working Capital Demand Loan	Long Term	1.77	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	3.11	ACUITE A- Stable (Assigned)
	Proposed Bank Facility	Long Term	0.49	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	80.00	ACUITE A- Stable (Assigned)
	Working Capital Demand Loan	Long Term	32.30	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	39.80	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	11.42	ACUITE A2+ (Assigned)
	Working Capital Demand Loan	Long Term	5.96	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	22.68	ACUITE A2+ (Assigned)
	Working Capital Demand	Long		ACUITE A- Stable

	Loan	Term	7.96	(Assigned)
	Working Capital Demand Loan	Long Term	7.95	ACUITE A- Stable (Assigned)
	Working Capital Demand Loan	Long Term	3.43	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	45.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	33.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	12.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	22.68	ACUITE A2+ Reaffirmed & Withdrawn
Yes Bank Ltd	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	11.42	ACUITE A2+ Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	27.80	ACUITE A2+ Reaffirmed & Withdrawn
Indusind Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	30.00	ACUITE A- Reaffirmed & Withdrawn
Yes Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	28.50	ACUITE A- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A- Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	54.50	ACUITE A- Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A2+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	19.02	Not Applicable Withdrawn
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	27.75	ACUITE A- Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	26.24	ACUITE A- Reaffirmed & Withdrawn
State Bank of India	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	16.15	ACUITE A- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	6.48	ACUITE A- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	3.98	ACUITE A- Reaffirmed & Withdrawn
Bank of Baroda	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	1.44	ACUITE A- Reaffirmed & Withdrawn

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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.

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