



Press Release
BEDMUTHA INDUSTRIES LIMITED
July 31, 2023
Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	185.78	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	73.51	-	ACUITE A3 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	259.29	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long term rating of **ACUITE BBB- (read as ACUITE triple B minus)** and reaffirmed and withdrawn its short term rating of **ACUITE A3 (read as ACUITE A three)** on the Rs 259.29 crore bank facilities of Bedmutha Industries Limited. The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

Rationale for rating Reaffirmation

The rating assigned takes into consideration the established market position of the company in the wire ropes industry. The rating draws comfort from BIL's improved operating performance in FY2023, moderate working capital operations and adequate liquidity position. However, the strengths of the company are partially offset by the average financial risk profile and highly fragmented and competitive industry.

About Company

Bedmutha Industries Limited (BIL) is engaged in manufacturing of steel and copper wire products. The company manufactures the following steel and copper products-Galvanized wires, Bead Wire, spring Wire, Wire Rope and Copper products like wire rods, wires, foils and bus-bar. It has its plant located in Nardana, Maharashtra with a capacity to manufacture 86,400 MT of steel wires P.A., and 16,200 MT of Copper wires P.A. The Nardana plant is certified for- ISO 9001- Quality management systems, ISO 45001: Occupational Health and safety, ISO 14001: Environmental management systems.

**About the Group
Ashoka Pre-con Pvt Ltd**

Ashoka Pre-con Pvt Ltd (APL) is engaged in manufacturing of pre-cast products which are majorly used in power generation and road barriers. APL is an associate company where BIL has 49% shareholding. The company is promoted by Mr. Vijay Vedmutha, Mr. Ajay Vedmutha, and other family members.

Analytical Approach

Extent of Consolidation

- Proportionate or Moderate Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profiles of Bedmutha

Industries Limited (BIL) and associate entity Ashoka Pre-con Pvt Ltd (APL) on account of common management and operational linkages to arrive at this rating.

Key Rating Drivers

Strengths

Established track record of operations with experienced management

BIL is based out of Maharashtra and was incorporated in the year 1990. The company is promoted by Mr. Vijay Vedmutha, Mr. Ajay Vedmutha and other family members. The operations of the company are managed by the promoters as well as a team of experienced senior management personnel who are further ably supported by a strong line of mid-level managers. The extensive experience of the promoters has helped the company to establish long and healthy relationships with reputed customers and suppliers over the years. The key customers of the company include names such as Sterlite power transmission Ltd, Eximius Infra Tech Solutions LLP, Badve Engineering Limited and Bharat Heavy Electrical Limited.

Operating Income for FY23 stood at Rs 743.34 crore as against Rs 711.94 Cr in FY22. The reason for increase in the turnover & PAT is due to better performance of copper division which led to increase in capacity utilization. Further, EBITDA Margin for the FY23 stood at 9.93% as against FY22 at 9.57%. The Profit after tax margins (PAT) stood at 1.75% in FY23 as against 1.32% in FY22.

Acuité believes that the promoter's experience and reputed clientele is expected to support in improvement of its business risk profile over the medium term.

Moderate Working Capital Management

Working capital operations of the company remain moderate with gross current asset (GCA) days of 145 days for FY23 as compared against 137 days for FY22. Furthermore, the receivables days stood at 37 days in FY23 against 34 days in FY22. The inventory days of the firm stood at 40 days for FY23 compared against 37 days for FY22. The creditor days stood at 72 days for FY23 compared against 61 days for FY22.

Weaknesses

Average financial risk profile

The financial risk profile of the firm remained average marked by average net worth, debt protection metrics & high gearing ratio. The net worth stood at Rs 99.52 Cr as on 31 March 2023 as against Rs 86.51 Cr same period last year. The gearing level of the company is improving to 2.53 times as on 31 March 2023 as against 3.19 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 4.02 times in as on 31 March 2023 compared against 4.67 times as on 31 March 2022. The debt protection matrices of the company marked by Interest Coverage Ratio (ICR) of 2.32 times for FY23 and Debt service coverage ratio (DSCR) of 1.09 times for the same period. Acuité believes that the financial risk profile of the company will remain below average over the medium term.

Susceptible to fluctuations in raw material prices along with highly fragmented and competitive industry

BIL's operations are exposed to inherent risks associated with availability of raw materials, fluctuations in prices, and changes in government regulations. The company is engaged in the business of manufacturing of all types of steel and copper wire ropes, which find its application in automobile, infrastructure, farming, power transmission and material handling. The prices of these raw materials are volatile in nature; hence, the profitability is susceptible to the ability of the company to pass on the same to its customers. The industry is marked by presence of large number of organized and unorganized players in the industry. The high competitive industry further limits the pricing flexibility and exerts pressures on the margins of all participants

Rating Sensitivities

Sustainability in revenue growth and margins
Elongation of working capital cycle

Material Covenants

None

Liquidity Position**Adequate**

The liquidity position of the firm remains adequate marked by moderate net cash accruals of Rs 44.91 crore for FY23 against maturing debt obligations of Rs 38.59 crore for the same period. The current ratio of the company is at 1.37 times as on 31 March 2023. The firm has unencumbered cash and bank balances of Rs 3.15 Cr as on 31 March 2023.

Outlook:

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	743.34	711.94
PAT	Rs. Cr.	13.01	9.38
PAT Margin	(%)	1.75	1.32
Total Debt/Tangible Net Worth	Times	2.53	3.19
PBDIT/Interest	Times	2.32	2.31

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

None

Any Other Information

BIL's subsidiary entity Kamalasha Infrastructure and Engineering Pvt Ltd (KIEPL) was also considered as a part of consolidation during the previous reviews. However, BIL has divested its stake in KIEPL and the operational and financial linkages cease to exist between the entities, hence, KIEPL does not form part of the consolidation for this review.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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

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
23 Aug 2022	Cash Credit	Long Term	22.09	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	7.70	ACUITE A3 (Assigned)
	Cash Credit	Long Term	22.11	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	15.80	ACUITE A3 (Assigned)
	Term Loan	Long Term	15.90	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	6.65	ACUITE A3 (Assigned)
	Term Loan	Long Term	0.86	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	14.34	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	28.46	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.84	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	12.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	2.19	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	10.23	ACUITE BBB- Stable (Assigned)
	Bank Guarantee	Short Term	15.80	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	15.56	ACUITE A3 (Assigned)
	Term Loan	Long Term	29.59	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	1.99	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	2.65	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	9.33	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	21.25	ACUITE BBB- Stable (Assigned)
Term Loan	Long Term	1.95	ACUITE BBB- 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
Bank of Baroda	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A3 Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	15.80	ACUITE A3 Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	6.65	ACUITE A3 Reaffirmed & Withdrawn
Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	15.80	ACUITE A3 Reaffirmed & Withdrawn
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	9.33	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	22.11	ACUITE BBB- Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	14.34	ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	22.09	ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	15.56	ACUITE A3 Reaffirmed & Withdrawn
Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.70	ACUITE A3 Reaffirmed & Withdrawn
Bank of	Not		Not	Not	Not			ACUITE BBB-

India	Applicable	Term Loan	available	available	available	Simple	29.59	Reaffirmed & Withdrawn
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	21.25	ACUITE BBB- Reaffirmed & Withdrawn
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.99	ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	28.46	ACUITE BBB- Reaffirmed & Withdrawn
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.65	ACUITE BBB- Reaffirmed & Withdrawn
Exim Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	10.23	ACUITE BBB- Reaffirmed & Withdrawn
Exim Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.86	ACUITE BBB- Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	15.90	ACUITE BBB- Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.19	ACUITE BBB- Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	2.84	ACUITE BBB- Reaffirmed & Withdrawn
Union Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.95	ACUITE BBB- 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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