



BEARDSELL LIMITED

Regd. Office :
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CHENNAI - 600 006. (INDIA)
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Fax : 044-2829 03 91
CIN No. : L65991TN1936PLC001428
E-mail : ho@beardsell.co.in
Website : www.beardsell.co.in

26th December 2022

To,

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai - 400051
Scrip: BEARDSELL

BSE Limited
Corporate Relationship Department
Phiroz Jeejheebhoy Towers
Dallal Street,
Mumbai - 400001
Scrip: 539447

Dear Madam / Sir,

Sub: Intimation of withdrawal of Credit Rating

This is in reference to our intimation dated 14th October 2022, regarding Credit Rating.

In this regard, we now wish to inform that, at the request of the Company, the Credit Rating Agency CARE Ratings Limited (CARE) has vide letter dt.23/12/2022, withdrawn outstanding rating(s) of 'CARE BB+; Stable/CARE A4+' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the Bank Facilities with immediate effect.

Copy of the letter received from CARE and the Press Release are attached herewith and available on the website of the Company at www.beardsell.co.in

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,
For BEARDSELL LIMITED

Company Secretary & Compliance Officer

Encl: As above

No. CARE/CMBO/RL/2022-23/1257

Shri VV Sridharan
Chief Financial Officer
Beardsell Limited

No. 47 Murugasen Naikar street, Greams Road
Chennai
Tamil Nadu 600006

December 23, 2022

Confidential

Dear Sir,

Withdrawal of rating(s) assigned to the Bank facilities of Beardsell Limited

At the request of the company vide email dated December 22, 2022 along with 'No Objection Certificate' dated December 20, 2022 from Bank of India, we hereby withdraw the outstanding rating(s) of 'CARE BB+; Stable/CARE A4+' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the bank facilities of your company with immediate effect.

2. As per our normal procedure, we will be announcing the withdrawal of the rating through a Press Release, a copy of which is enclosed. **Meanwhile, please ensure that ratings are not used hereafter, for any purpose whatsoever.**

3. In case of any future rating requirements, we will be happy to offer our services.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Meeth S Desai
Analyst
Meeth.Desai@careedge.in

Swathi Subramanian
Assistant Director
Swathi.Subramanian@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings Limited

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CIN-L67190MH1993PLC071691

**Annexure
Press Release**

Ratings

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|------------------------------|--------------------------|---------------------|---|
| Long Term Bank Facilities | - | - | Reaffirmed at CARE BB+; Stable (Double B Plus; Outlook: Stable) and Withdrawn |
| Short Term Bank Facilities | - | - | Reaffirmed at CARE A4+ (A Four Plus) and Withdrawn |
| Total Bank Facilities | 0.00 (₹ Only) | | |

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers:

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4+' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the bank facilities of Beardsell Limited with immediate effect. The above action has been taken at the request of Beardsell Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

Detailed description of the key rating drivers

The ratings continue to be constrained by moderate profitability margins susceptible to volatile raw material prices, highly competitive and cyclical industry and stretched liquidity position. The ratings, however, draw strength from experience of the promoters in the industry, long track record of operations, diversified revenue stream and comfortable capital structure.

Key Rating Weaknesses

Moderate profitability margins susceptible to volatile raw material prices:

The PBILDT margins of the company stood moderate and highly volatile at 7-9% during the last three years. BSL's key raw materials include expanded polystyrene (EPS) resins, iso-cyanate, steel and GI wires. The prices of resins being linked to crude oil have always exhibited high volatility rendering the margins fluctuating in the last few years. Further, the prices of other raw materials like steel, GI pipes, coal etc have also witnessed exorbitant increase in the recent past impacting the operating margins. The company has limited scope to pass on the raw material price hike due to heavy competition which keeps the margins exposed. Nevertheless, the company has consistently undertaken cost rationalization measures in the last two years coupled with scaling up of volumes which has led to improvement in the PBILDT margins to more than 8% during H1FY23.

Highly competitive and cyclical industry:

BSL has two major business segments – thermocol packaging and prefabricated panel products – which form major part of the revenue. The end user industry primarily includes the consumer durable and pharma companies. This keeps its operations cyclical depending on the demand from the end-user industries. Further, as entry and exit barriers in this industry are low, the industry has many organized as well as unorganized players which put pressure on the margins.

Key Rating Strengths

Extensive experience of promoters and long track record of operations

BSL has been in operation for more than eight decades and is managed by Mr Amrith Anumolu who is the key managerial person associated with the company. The promoter has almost two decades of experience in engineering industry. Besides, the company's team of well-qualified professionals for heading various functional departments has enabled it to establish itself into expanded business fields.

Diversified revenue stream

BSL has a diversified revenue stream with major contribution from expanded polystyrene (43%) and prefab panels (34%) followed by trading and services (23%) of electric motors. EPS division is primarily involved in manufacturing

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

of packing materials for consumer durable companies. Further, the company also manufactures pre-fab panels having two sub division, Isobuild and Quikbuild which are used for cold storages, pharma, clean rooms, blast freezers, insulated partitions and roof top structures. The company also undertakes works contract for Government departments and Public Sector Undertakings.

Established and diversified client base

BSL caters to wide range of customers across all the divisions in the market and has some of the reputed client base which has also led facilitated in getting repeat orders from some of its customers. The company has nine branches at various locations with a separate incharge for each branch catering to different locations. Company has more than 200 customers across various industries like consumer durable, pharma, government departments. The company have also supplied the goods to some of the reputed clients like Pepsi Co, Cipla Limited, Saint Gobain, L&T, Asian Paints and Samsung Electronics. The customer base has remained diversified with the top ten customers driving around 5% of its total sales.

Comfortable Leverage levels

The leverage levels of the company stood comfortable with overall gearing at 0.78x as on March 31, 2022. The debt coverage indicators remained comfortable marked by interest coverage ratio of 2.68x and total debt/GCA of 4.13x during FY22.

Analytical approach: Consolidated

CARE has analyzed Beardsell Limited's credit profile by considering the consolidated financial statements (comprising BSL and its wholly owned subsidiary, Sarovar Insulation Pvt. Ltd and Saideep Polythermal) owing to financial and operational linkages between the parent and its subsidiary. The companies are engaged in similar/same line of business and are run by common management

Applicable Criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Policy on Withdrawal of Ratings](#)

About the Company

Beardsell Limited ("BSL") was incorporated in 1937 as a trading company which eventually diversified into manufacturing of variety of thermal insulation products. The company broadly has three divisions, Expanded Polystyrene Products, Isobuild and Quikbuild. Expanded polystyrene division manufacture custom designed packaging material for various consumer durable companies. Isobuild division manufactures panels which are used for cold storages, blast freezers and clean rooms and Quikbuild division is a pre-engineered panel which is erected on plinth and plastered with sand/cement to form walls. Apart from manufacturing the above products the company is also engaged in trading of electric motors. The company has six manufacturing units located in Chennai, Thane, Bangalore, Karad, Hyderabad and Hapur and nine branches across districts.

| Brief Financials (Rs. crore) | 31-03-2021 (A) | 31-03-2022 (A) | H1FY23 |
|-------------------------------------|-----------------------|-----------------------|---------------|
| Total operating income | 132.38 | 186.24 | 115.97 |
| PBILDT | 11.36 | 12.75 | 9.44 |
| PAT | -0.40 | 2.81 | 2.52 |
| Overall gearing (times) | 1.33 | 0.78 | NA |
| Interest coverage (times) | 2.13 | 2.68 | 4.67 |

A: Audited; Prov.: Provisional; NA: Not available

Status of non-cooperation with previous CRA: Not Applicable

Any other information:

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Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|-----------------------------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Cash Credit | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Term Loan | - | - | - | 0.00 | Withdrawn |
| Non-fund-based - ST-BG/LC | - | - | - | 0.00 | Withdrawn |

Annexure-2: Rating History of 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 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Cash Credit | LT | - | - | 1)CARE BB+; Stable (13-Oct-22) | - | - | - |
| 2 | Fund-based - LT-Term Loan | LT | - | - | 1)CARE BB+; Stable (13-Oct-22) | - | - | - |
| 3 | Non-fund-based - ST-BG/LC | ST | - | - | 1)CARE A4+ (13-Oct-22) | - | - | - |

Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this Company

| Sr No | Name of instrument | Complexity level |
|-------|-----------------------------|------------------|
| 1. | Fund-based - LT-Cash Credit | Simple |
| 2. | Fund-based – LT-Term Loan | Simple |
| 3. | Non-fund-based – ST-BG/LC | Simple |

Annexure 5: Bank Lender Details for this Company

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

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

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