

BEDMUTHA INDUSTRIES LIMITED



CIN - L 31200MH1990PLC057863

MANUFACTURER & EXPORTER OF

★ ALL TYPES OF GALVANISED WIRES & BLACK WIRES



- ★ ACSR CORE WIRES
- ★ CABLE ARMOURING WIRE & STRIPS
- ★ STAY WIRES & EARTH WIRES
- ★ M.S. & H.B. WIRES

- ★ SPRING STEEL WIRES
- ★ ROLLING QUALITY WIRES
- ★ P.C. WIRE & P.C. STRAND WIRES
- ★ ROPE WIRES

- ★ BARBED WIRE
- ★ CHAIN LINK FENCINGS
- ★ WIRE NAILS
- ★ BINDING WIRES

Date: 22/05/2022

To
Department of Corporate Services,
BSE Limited
PhirojJeejibhoy Towers, Dalal Street,
Mumbai – 400 001

To
Listing Department,
National Stock Exchange of India Limited
C-1, G-Block, Bandra-Kurla Complex
Bandra, (E), Mumbai – 400 0051

Dear Sir/ Madam,

Sub: Credit Rating.

Ref: Announcement pursuant to Regulation 30 and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Scrip Code: 533270; Scrip Symbol: BEDMUTHA

With reference to the captioned subject, would like to inform you that **INFOMERICS Valuation and Rating Private Limited**, a Reserve Bank of India (RBI) accredited rating agency, released the credit ratings on its web portal for both long-term and short term debts of the Company vide its press release on May 20, 2022.

We have enclosed the Press Release dated May 20, 2022 for your information.

Following are the details of ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	185.78	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook	Assigned	Simple
Short Term Bank Facilities	73.51	IVR A3 [IVR A Three]	Assigned	Simple
Total	259.29			

Regd. Office : Plot No. A-31 to 35 & 57, Sinnar-Shirdi Road, STICE, Musalgaon, Sinnar, Dist. Nashik Ph. 02551-240320, 240481, Fax - 240482

Corporate Office : B-301/302, Sai Classic, Off. Palm Acres, Gavanpada Mulund (E) Mumbai. Ph.: (022) 21634422, 21637674/75, Fax : 022-21631667

Works : Plant -1, Plot No. A-31 to 35 & 57, Sinnar-Shirdi Road, STICE, Musalgaon, Sinnar, Dist. Nashik Ph.: 02551-240069, Fax - 240482

Plant -2, Plot No. A-70,71,72, Sinnar-Shirdi Road, STICE, Musalgaon, Sinnar, Dist. Nashik Ph.: 02551-240420, Fax - 240482

Plant -3, Plot No. B-113, Sinnar-Shirdi Road, STICE, Musalgaon, Sinnar, Dist. Nashik Ph.: 02551-240367, Fax - 240482

Plant -4, Plot No. B-140, Sinnar-Shirdi Road, STICE, Musalgaon, Sinnar, Dist. Nashik Ph.: 02551-240068, Fax - 240482

Plant -6, Plot No. E-1, MIDC Nardana, Phase -II, Waghadi - Khurd, Tal - Shindkheda, Dist - Dhule Ph.: 02562 - 262625

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★ BINDING WIRES

Kindly take the same on your records.

The above information and press release will also be available in our web portal i.e. www.bedmutha.com.

Thanking You,

For and on behalf of
Bedmutha Industries Limited




Ajay Topale
Company Secretary & Compliance Officer
Membership No.: A26935

Encl.: Press Release dated May 20, 2022.



Press Release

Bedmutha Industries Limited

May 20, 2022

Ratings

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Total	259.29 (Rupees Two Hundred Fifty Nine Crore and Twenty Nine Lakhs Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Bedmutha Industries Limited (BIL) derived strength from experienced team of management with over four decades of experience and execution capabilities in the wire manufacturing industry, established market position supported by diversified product, end user industries and reputed customer portfolio and low customer concentration risk, healthy profitability supported by subsidy receipts from Government of Maharashtra, adequate capacity available to ramp up over the medium term leading to moderate capex requirement and moderate financial profile with above average debt protection metrics; financial flexibility arising from demonstrated support from promoter and strategic investors. The ratings however remained constrained by susceptibility to fluctuations in commodity prices to the extent of raw material inventory holding; overall low susceptibility of revenue and margins to fluctuations in steel and copper prices, working capital intensive nature of operations, competition from organized and unorganized segment though established brand provides comfort.



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Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals as envisaged
- Improvement in the capital structure along with improvement in debt service parameters

Downward Factors

- Larger-than-expected debt-funded capex, leading to deterioration in the financial profile, especially liquidity, gearing and debt coverage metrics
- Stretch in the working capital cycle leading to deterioration in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced team of management with over four decades of experience and execution capabilities in the wire manufacturing industry**

Bedmutha Industries Limited (BIL) is a part of Bedmutha Group, spearheaded by Mr. K. R. Bedmutha and supported by Mr. Vijay and Ajay Bedmutha with diversified business interest in steel wire & copper sector, technical consultancy, chemical, agriculture, power and infrastructure sector. The promoters have over 4 decades of experience with strong technical and marketing expertise in wire drawing industry. The group is supported by team of professionals.

- **Established market position supported by diversified product, end user industries and reputed customer portfolio and low customer concentration risk**

The company has two divisions steel and copper wire division. BIL has pan India presence with significant presence in western and southern Indian states and has a well-entrenched presence on the back of large manufacturing capacities, established brand and long-standing relationship with customers. It has a wide customer base including traders and manufacturers across different industries like engineering and infrastructure, auto components, agriculture, household segment and so on. Out of total sales of BIL,



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Top 5 customers contribute to ~20% of sales in 9MFY2022. Out of total raw material procured by BIL, Top 5 suppliers contribute to ~50% of raw material purchased in 9MFY2022.

- **Healthy profitability supported by subsidy receipts from Government of Maharashtra**

The operating margin remained healthy in the range of 5.16% to 7.37% during the past 3 years ended as on FY21, however same has improved and stood at 10.32% during 9MFY2022. Net cash accruals in 9MFY22 remained positive at INR 37.19 crore. The company profitability remains supported by subsidy from Government of Maharashtra in the form of GST refund. The subsidy is expected to remain in force till FY2025, thereby leading to healthy operating margins. Healthy profitability backed by subsidy receivable is expected to generate enough cash accruals to repay debt obligations.

- **Adequate capacity available to ramp up over the medium term leading to moderate capex requirement**

BIL has current installed capacity of 86,400 MTPA for its steel division and 16200 MTPA for its copper division. With sanctioning of working capital funds from banks and debt restructuring, BIL is able to ramp up its capacity utilizations. In 9MFY22 the company is operating ~47% capacity of its steel division and ~24% of its copper division. Going ahead with increase in sanctioned working capital bank financing and increase in its scale up operations the company is in comfortable position capacity to ramp up its production.

- **Moderate financial profile with above average debt protection metrics; financial flexibility arising from demonstrated support from promoter and strategic investors**

The capital structure marked by adjusted overall gearing has improved and remained moderate at 1.13 times as on December 31, 2021 as against 1.48 times as on March 31, 2021, mainly on account of schedule repayment of debt obligation coupled with addition of profits to reserves. Further cumulative redeemable preference shares (CRPS) is considered as part of networth as it is long term in nature. Total outside liabilities/ Net



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adjusted tangible net worth is healthy at 1.98 times as on December 31, 2021 (as against 2.02 times as on March 31, 2021). Further interest coverage stood at 3.16 times and DSCR at 1.69 times as on December 31, 2021. Debt protection metrics are expected to improve going forward, backed by improvement in profitability and significant repayment of o/s loans going forward led by higher accruals.

Key Rating Weaknesses

- **Susceptibility to fluctuations in commodity prices to the extent of raw material inventory holding; overall low susceptibility of revenue and margins to fluctuations in steel and copper prices**

The company's key raw material (70% of raw material cost) is wire rods for the steel division, which it procures from reputed players namely TATA Steel Limited, JSW Steel Limited, Jindal Steel & Power Limited, Rastriya Ispat Nigam Limited, Steel Authority of India Limited and other large players to maintain quality consistency. The prices of wire rods keep on fluctuating though the management enters into short term purchase contract which protects it from steep fluctuations to some extent. Since the company is a converter, BIL has the flexibility to procure either imports or procure directly from domestic market thereby protecting it from cheap imports/dumping except for existing inventory levels. The company procures copper from leading companies such as Vedanta, Hindalco as well as from traders as well as various scrap dealers. Since the prices of copper fluctuate a lot, the company books the order on back-to-back basis for future delivery contracts. Since raw material prices will be based on the date of delivery, BIL hedges the same on MCX as the contract prices are based on the date of order undertaken. This prevents the company from any raw material price fluctuation. All the hedging costs are already built into the contracts.

- **Working capital intensive nature of operations**

The operating cycle of the group had improved and stood at 70 days in FY21 (vis-à-vis 78 days in FY20) mainly on account of stretched its creditors which leads to elongated in creditors days from 26 days in FY20 to 35 days in FY21. Further Gross Current asset days remained at 104 days in FY21. This indicates working capital-intensive operations



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of the companies, as a result of the same its working capital limits on combined basis utilized around 90% during the past 12 months ended as on March 31, 2022.

- **Competition from organized and unorganized segment though established brand provides comfort**

The company is exposed to competition from organized as well as unorganized players. Wire drawing, being a simple manufacturing process there are many mid-size entities involved in the same. While BIL is insulated owing to its technological advanced operations ensuring consistency in manufacturing process and quality parameters, nevertheless it remains exposed to competition from other organized players such as Tata Steel Limited for its Black Carbon Wires, fencing wires apart from unorganized segment. For complex and technological advance segments such as Wire Rope and Tyre Bead, the company has relatively less competition. Its main competitors include Usha Martin Limited and Bharat Wire Ropes Limited which are specialist in these segments while Tata Steel Limited, Rajratan Global Wire Limited, Aarti Steel Limited are among the leading Indian Player in the Tyre Bead division.

Analytical Approach: Consolidated Approach

The consolidated approach includes consolidation of one Subsidiary company (Kamalasha Infrastructure & Engineering Private Limited (KIEPL)) and one associate company (Ashoka Pre-con Private Limited (APPL)).

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Consolidation of Companies](#)

Liquidity – Adequate

BIL has recorded net cash accruals of Rs.37.19 crore during 9MFY22 and the same is expected to increase further with increase in scale of operation. The company maintains sufficient cash and bank balance to meet its liquidity requirements. The average bank limit utilisation for the working capital facilities of the group remained around 90% during the last



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twelve months ended as on March 31, 2022. The company is in the process of increasing its working capital lines. The same is expected to improve overall liquidity profile of the company and assist increase in scale of operations. The projected average DSCR of 1.44x times indicate comfortable liquidity position of the company in meeting its debt obligations. Further the company has binding agreement from existing strategic investors (Badve Engineering Group) to the tune of Rs.15 crore which can be drawn down till March 2024 in case of any exigencies. Thus, the overall liquidity position of the company remained **Adequate**.

About the Company

Bedmutha Industries Limited (BIL) is a one of the leading and broad-based producers of steel wire and wire products in Western India. Bedmutha Industries Ltd, the flagship company of Bedmutha group, was incorporated in August 1990 for manufacturing galvanized wire, both low and high carbon, for power transmission sector especially for State Electricity Boards (SEBs), automobile sector and agriculture sector. The company has two broad segments one is steel segment, and another is copper segment, and its products find applications in various industries such as Automotive, Power, Infrastructure, Agriculture, Retails etc. The manufacturing unit spread over 50 acres of land located at Nardana, Dhule (Maharashtra) with current installed capacity of 86,400 MTPA for its steel division and 16200 MTPA for its copper division.

Financials (Consolidated)*:

For the year ended / As on	(Rs. Crore)		
	31-Mar-2020 (A)	31-Mar-2021 (A)	31-Dec-2021 (U/A)
Total Operating Income	386.43	417.45	527.55
EBITDA	24.82	30.76	54.39
Adjusted PAT	-71.11	204.37	12.35
Total Debt	505.18	227.61	191.92
Adjusted Tangible Net worth	-163.88	153.81	169.35
EBITDA Margin (%)	6.42	7.37	10.31
PAT Margin (%)	-18.32	29.22	2.34
Overall Gearing Ratio (times)	-3.08	1.48	1.13

*Classification as per Infomerics standards

A: Audited; U/A: Un-Audited



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Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based – Rupee Term Loans	Long Term	105.43	IVR BBB- / Stable	–	–	–
2.	Fund Based – Working Capital Term Loans	Long Term	2.84	IVR BBB- / Stable	–	–	–
3.	Fund Based – Funded Interest Term Loans	Long Term	9.64	IVR BBB- / Stable			
4.	Fund Based – Cash Credit	Long Term	67.87	IVR BBB- / Stable			
5.	Non-Fund Based – Letter of Credit	Short Term	23.26	IVR A3			
6.	Non-Fund Based – Bank Guarantee	Short Term	50.25	IVR A3			

Name and Contact Details of the Rating Analyst:

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Tel: (022) 62396023	Tel: (022) 62396023
Email: rupesh.dhuri@infomerics.com	Email: noman.agashiwala@infomerics.com



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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Fund Based – Rupee Term Loans	–	–	31-Mar-2028	105.43	IVR BBB- /Stable
Long Term – Fund Based – Working Capital Term Loans	–	–	31-Mar-2028	2.84	IVR BBB- /Stable
Long Term – Fund Based – Funded Interest Term Loans	–	–	31-Mar-2028	9.64	IVR BBB- /Stable
Long Term – Fund Based – Cash Credit	–	–	–	67.87	IVR BBB- /Stable



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Short Term – Non-Fund Based – Letter of Credit	–	–	–	23.26	IVR A3
Short Term – Non-Fund Based – Bank Guarantee	–	–	–	50.25	IVR A3

Annexure 2: List of companies considered for consolidated analysis:

Name of Company	Ownership	Consolidation Approach
Kamalasha Infrastructure & Engineering Private Limited (Subsidiary of Bedmutha Industries Limited)	54.75%	Full Consolidation
Ashoka Pre-con Private Limited (Associate of Bedmutha Industries Limited)	49.00%	Full Consolidation

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Bedmutha-may22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: **Not Applicable**

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.