

Ref: BWRL/2024-25/SE/Misc./09

02<sup>nd</sup> July, 2024

To,  
**National Stock Exchange of India Ltd.**  
 Exchange Plaza, C-1, Block G,  
 Bandra Kurla Complex,  
 Bandra (E), Mumbai - 400 051.  
**NSE Symbol: BHARATWIRE**

**BSE Limited**  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street,  
 Mumbai - 400 001.  
**BSE Scrip Code: 539799**

Dear Sir/Ma'am,

**Subject: Intimation under Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 -Credit Rating.**

Pursuant to Regulation 30 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), it is hereby informed that the CARE Ratings Limited ("Credit Rating agency") has assigned and **upgraded** the rating on 02<sup>nd</sup> July, 2024, for the bank credit facilities of **Bharat Wire Ropes Limited** ("the Company") as under-

Facilities	Amount (in crore)	Rating	Rating Action
Long term Bank Facilities	156.32	CARE BBB+; Stable	Revised from CARE BBB; Stable
Short term Bank Facilities	25.00	CARE A3+	Revised from CARE A3

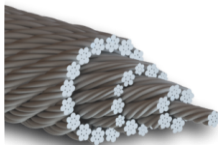
Kindly take the note of the same.

Thanking you,

Yours Faithfully

For **Bharat Wire Ropes Limited**

**Govinda Soni**  
**Company Secretary and Compliance Officer**  
 Memb. No.: F12937



**Corporate Office:**  
 A - 701, Trade World Bldg., Kamala Mills,  
 SB Marg, Lower Parel (W),  
 Mumbai - 400013, Maharashtra, India.  
 Tel: +91 22 66824600

**Factory:**  
 Plot No-1&4, Atgaon Industrial Complex,  
 Mumbai-Nasik Highway, Atgaon (East),  
 Taluka-Shahpur, Dist.-Thane- 421601,  
 Maharashtra, India.  
 Tel No.: +91 2527 240123/240124/240197

**Registered Office & Factory:**  
 Plot No.4, MIDC, Chalisgaon,  
 Village Khadki - BK, Taluka Chalisgaon,  
 District Jalgaon - 424 101,  
 Maharashtra, India

• Website: [www.bharatwireropes.com](http://www.bharatwireropes.com) • E-mail: [info@bharatwireropes.com](mailto:info@bharatwireropes.com) • CIN : L27200MH1986PLC040468

## Bharat Wire Ropes Limited

July 02, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	156.32	CARE BBB+; Stable	Revised from CARE BBB; Stable
Short Term Bank Facilities	25.00	CARE A3+	Revised from CARE A3

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings upgrade reflects the improvement in financial performance of Bharat Wire Ropes Limited (BWRL) and CARE Ratings Limited's (CARE Ratings) expectations of sustained improvement in the coming quarters aided by healthy capacity utilisation, ongoing capex for debottlenecking of the plant and stable realisations. BWRL's operating income grew by ~5% y-o-y to ~₹622 crore in FY24 driven by volume growth while realisation remained flat in the light of correction in steel prices. Its adjusted profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin (adjusting for subsidy) expanded by ~200 bps y-o-y to 20.3% in FY24 largely due to better gross margin. The company's performance translated into improved overall gearing to 0.2x and total debt to PBILDT (TD/PBILDT) to 0.81x in FY24 from 0.34x and 1.38x, respectively in FY23. CARE Ratings expects BWRL to sustain its healthy performance in the coming quarters. However, risks emanating from uncertain global demand outlook and rise in inventory due to the Red Sea shipping crisis and their impact on the company's operations remain a key monitorable.

The ratings continue to derive strength from reputed and established customer base, improving capital structure and debt coverage indicators in FY24 and experience of the promoters. However, ratings are constrained by working capital intensive operations, susceptibility to raw material price volatility and foreign exchange fluctuation risks.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in scale of operations above ₹800 crore led by healthy volume growth on a sustained basis
- Sustenance of profitability and working capital cycle translating into comfortable liquidity position while maintaining healthy capital structure and debt coverage metrics.

#### Negative factors

- Deteriorating scale of operations below ₹500 crore (excluding subsidy), profitability and/or working capital cycle, leading to pressure on credit metrics on a sustained basis.
- Higher-than-anticipated debt funded capex/acquisition or delaying operationalisation of planned capex, impacting capital structure.
- Deteriorating interest coverage ratio below 5x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CARE Ratings' expectations that BWRL will sustain its improving financial performance in the coming quarters, despite an uncertain demand environment, aided by its established customer base and experienced management.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters, supported by professional management

Murarilal Mittal is the key promoter and the Managing Director of BWRL. Mittal has overall experience of more than three decades in the corporate. Prior to acquiring BWRL, Mittal was associated with the Welspun Group for almost 23 years, in several positions

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

such as Executive Director on the board of several Welspun Group companies, including Welspun Corp Limited. Murarilal Mittal's son, Mayank Mittal is the Joint Managing Director of the company. He has an overall experience of more than a decade in the industry and is involved in all strategic decisions of the company. Promoters are well-supported by diverse board of directors and professional management across all levels.

### **Sustained improvement in performance in FY24; likely to sustain over the medium term**

BWRL's scale of operations grew by 5% on a y-o-y basis from ₹589.06 crore in FY23 to ₹621.84 crore in FY24 supported by growth in volumes by 6% on a y-o-y basis due to good demand throughout the year. The realisation per ton continues to remain flat, despite declining input costs, as the company continues to offer its product at a premium considering increased acceptability in the international market. Its operating margins (excluding subsidy income) improved from 18.30% in FY23 to 20.31% in FY24 considering gross margin expansion and better absorption of fixed overheads. PBILDT per tonne has improved by 11% on a y-o-y basis in FY24. Going forward, BWRL is expected to sustain its performance with stabilisation of operations. The company is in the process of installing balancing machinery post, which could translate into better capacity utilisation, supporting revenue growth in the coming quarters. Timely installation of machinery resulting in increased scale of operations with stable profitability remains a monitorable.

### **Improvement in capital structure; receivables from subsidy likely to benefit deleveraging plans in the medium term**

The company's capital structure has improved with an overall gearing at 0.20x in FY24 from 0.31x as on March 31, 2023, aided by accretion of profits and repayment of scheduled debt and prepayments of term loans from the subsidy received. Increase in absolute operating profit and decline in total debt in FY24 has improved BWRL's TD/PBILDT to 0.81x (PY: 1.38x). BWRL's interest coverage ratio improved in FY24 and continues to remain comfortable at 11x as on March 31, 2024 (PY: 6.25x). CARE Ratings notes that the government has extended PSI subsidy scheme (refund of SGST) till October 2025, which was expected to expire in October 2023. Per the resolution plan, it is mandatory for the company to prepay term loans utilising 50% of the PSI subsidy amount, when received from the Government of Maharashtra. CARE Ratings believes that the receipt of subsidy and prepayment of term loans per terms of the resolution plan will benefit the company in improving its debt profile in the medium term. As on March 31, 2024, BWRL has PSI subsidy receivable of ~₹95.00 crore.

### **Key weaknesses**

#### **Working capital intensive operations**

BWRL's operations are working capital intensive in nature due to the requirement of holding sizeable inventory and extending credit to its customers. The company maintains an average inventory of 80-90 days and extends a credit period of 30-90 days to its customers. On the other hand, while it receives a credit period of 15-30 days from its suppliers, the payable days have declined to nine days in FY24 as the company used its accruals to get better prices from its suppliers. BWRL's operating cycle stretched to 109 days in FY24 (PY: 87 days), largely considering reduction in payable days while the inventory and receivables increased due to the red sea crisis. The average working capital utilisation for past 12 months period ending March 31, 2024 stood at ~65% against 85% for FY23 considering generation of healthy cash accruals. CARE Ratings will continue to monitor any further stretch in the turnaround cycle impacting the cashflows of the company.

#### **Susceptibility to raw material price volatility and foreign exchange fluctuation risks**

BWRL's profitability remains susceptible to raw material price volatility as steel, which is the primary raw material, is exposed to volatile prices. While steel prices rose in FY23, prices declined in FY24, translating into volatility in BWRL's gross margins as it holds a sizeable inventory. With largely order-backed procurement and customers nature of products, the company is able to pass on most input cost volatility to its customers, however with a lag. Sales through deemed exports contribute more than 80% to the total revenue, which exposes its profitability to variations in foreign exchanges rates.

#### **Liquidity: Adequate**

BWRL's liquidity profile is marked by expected positive cash flow from operations in FY25 considering healthy adjusted gross cash accruals of more than ₹100 crore, against which, the company has scheduled repayments of ₹13.29 crore. The maximum utilisation of working capital borrowings improved to 65% for 12-months ended March 2024 (PY: 85%), which provides additional buffer. The current ratio is projected to remain healthy above 5x from FY25-FY27. The company has an ongoing capex of around ₹50-60 crore, which will be entirely funded through internal accruals. The company also received subsidy worth ₹40 crore in FY24 and ₹14 crore in the current year, 50% of which, has been utilised towards prepayments of the term loans (per resolution plan). As of March 31, 2024, the company has a total PSI subsidy receivable of around ₹95 crore, which provides cushion to its liquidity. Hence, BWRL's liquidity profile remains adequate for the near term.

### Environment, social, and governance (ESG) risks

Government's efforts to tighten the environmental norms on account of climate change leading to major capex for the company may impact the ratings. However, the company has zero liquid discharge, having installed RO-based water purification system, and the company gets the spent acid processed to obtain reusable acid. Additionally, solid waste in the form of lumps is handed over to the government for disposal. Other efforts including installation of solar captive plant for reducing carbon footprint and handing over of solid waste in form of lumps to government for disposal are also being practiced by the management. In terms of social factors also, the company does not appear to face risks considering the employment generated in Chalisgaon area and given that a 5-year wage agreement with workers has been entered into in late FY23. However, any deterioration in employee relations or inability to get sufficient skilled manpower could impact BWRL's operations. Governance standards appear to be adequate, based on compliance with listing agreements, reporting standards and disclosures by the company.

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Non Ferrous Metal](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Aluminium, copper and zinc products

Incorporated in 1986, BWRL is a manufacturer of metal wire ropes (used in lifting equipment such as cranes, elevators, among others), wire rope assemblies and defence products. The company was earlier managed by the Shah Family and was taken over by its current promoters, M.L. Mittal, Mentors Capital Limited (investor), and Gyan Shanker Investment & Trading Company Private Limited (investor). The new management comprises professionals with industry experience. The company is listed as a supplier with government and semi-government organisations namely Indian Railways, Shipping Corporations of India, ONGC, Coal India Limited, BHEL, major Port trusts, and electricity boards, among others. Apart from the domestic market, the company also exports (deemed exports) to countries such as South Africa, Nepal, the USA, and Vietnam among others, through its dealer. BWRL has two manufacturing plants at Atgaon (capacity of 6,000 MTA) and Chalisgaon (capacity of 66,000 MTA). The company is listed on BSE and NSE.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	589.06	621.84	NA
PBILDT	138.82	164.01	NA
PAT	62.25	96.34	NA
Overall gearing (times)	0.34	0.20	NA
Interest coverage (times)	6.25	11.09	NA

A: Audited; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	55.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	March 2032	101.32	CARE BBB+; Stable
Non-fund-based - ST-BG/LC		-	-	-	25.00	CARE A3+

**Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (23-Mar-22) 2)Withdrawn (23-Mar-22)
2	Non-fund-based - ST-Letter of credit	ST	-	-	-	-	-	1)Withdrawn (23-Mar-22) 2)CARE D; ISSUER NOT COOPERATING* (23-Mar-22)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (23-Mar-22) 2)Withdrawn (23-Mar-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (23-Mar-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
								2)CARE D; ISSUER NOT COOPERATING* (23-Mar-22)
5	Fund-based - LT-Term Loan	LT	101.32	CARE BBB+; Stable	-	1)CARE BBB; Stable (21-Jun-23)	1)CARE BBB-; Stable (25-Apr-22)	-
6	Fund-based - LT-Cash Credit	LT	55.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (21-Jun-23)	1)CARE BBB-; Stable (25-Apr-22)	-
7	Non-fund-based - ST-BG/LC	ST	25.00	CARE A3+	-	1)CARE A3 (21-Jun-23)	1)CARE A3 (25-Apr-22)	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the 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: Lender details**

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

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for 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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