

June 07, 2022

Beardsell Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based			
Long Term Loan	3.35	3.35	[ICRA]BB (Stable); outstanding
Cash Credit	16.35	16.35	[ICRA]BB (Stable); outstanding
Working Capital Term Loan	3.10	3.10	[ICRA]BB (Stable); outstanding
Working Capital Demand Loan	1.52	1.52	[ICRA]BB (Stable); outstanding
Non Fund Based			
Bank Guarantees	20.00	20.00	[ICRA]A4; outstanding
Letter of Credit	(12.00)	(12.00)	[ICRA]A4; outstanding
Fixed Deposit	5.00	5.00	[ICRA]BB (Stable) migrated from MB+ (Stable)
Total	49.32	49.32	

*Instrument details are provided in Annexure-1

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Beardsell Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	NA

Consolidation/Standalone

For arriving at the ratings, ICRA has considered the consolidated financials of Beardsell Limited. As on March 31, 2021, the company had one subsidiary and one controlled entity, which are listed out in Annexure-2.

About the company

Beardsell Limited was incorporated in 1936 with its head office in Chennai. It manufactures insulation products such as prefabricated products and packaging and moulded products. The prefabricated segment comprises panel products, which find applications in sectors such as cold storages, affordable housing, food processing plants, pharma and roofing applications. The company's packaging and moulded products segment manufactures panels (expanded polystyrene sheets and rigid polyurethane foam slabs) primarily used for composite packaging, anti-static packaging, building insulation, etc, that find application in the consumer durables industry. Besides, BSL trades in industrial motors in the domestic market. It is a channel partner for Siemen's electric motors in Tamil Nadu. The company has six manufacturing units, one each in Chennai, Thane, Karad, Hyderabad, Malur (Karnataka) and Hapor. Its registered office is in Chennai with eight branches pan India.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)						Chronology of Rating History for the past 3 years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on December 31, 2021 (Rs. crore)	Date & Rating on		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020	
					7-Jun-22	18-Apr-22	29-Mar-22	7-Apr-21	31-Jul-20	31-May-19	4-Apr-19
1	Long Term Loan	Long-Term	3.35	4.85	[ICRA] BB (Stable)	[ICRA] BB (Stable)	-	-	-	-	-
2	Cash Credit	Long-Term	16.35	20.00	[ICRA] BB (Stable)	[ICRA] BB (Stable)	-	-	-	-	-
3	Working Capital Term Loan	Long-Term	3.10	3.10	[ICRA] BB (Stable)	[ICRA] BB (Stable)	-	-	-	-	-
4	Working Capital Demand Loan	Long-Term	1.52	1.60	[ICRA] BB (Stable)	[ICRA] BB (Stable)	-	-	-	-	-
5	Letter of Credit	Short-Term	(12)	-	[ICRA] A4	[ICRA] A4	-	-	-	-	-
6	Bank Guarantees	Short-Term	20	-	[ICRA] A4	[ICRA] A4	-	-	-	-	-
7	Fixed Deposits	Long - Term	5	-	[ICRA] BB (Stable)	MB+ (Stable); Outstanding	MB+ (Stable)	MB+ (Stable)	MB+ (Stable)	MB+ (Stable)	MB+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long Term Loan	Simple
Cash Credit	Simple
Working Capital Term Loan	Simple
Working Capital Demand Loan	Simple
Letter of Credit	Very Simple
Bank Guarantees	Very Simple
Fixed Deposit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No/Banker Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Long Term Loan	6 February, 2021	11.85%	30 December, 2022	3.35	[ICRA]BB (Stable)
NA	Cash Credit	-	11.85%	NA	16.35	[ICRA]BB (Stable)
NA	Working Capital Term Loan	6 February, 2021	7.50%	31 August, 2024	3.10	[ICRA]BB (Stable)
NA	Working Capital Demand Loan	6 February, 2021	6.85%	30 May, 2022	1.52	[ICRA]BB (Stable)
NA	Letter of Credit	-	NA	NA	(12.00)	[ICRA]A4
NA	Bank Guarantees	-	NA	NA	20.00	[ICRA]A4
NA	Fixed Deposits	-	NA	NA	5.00	[ICRA]BB (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Company Name	BSL Ownership	Consolidation Approach
Beardsell limited	100%	Full Consolidation
Sarovar Insulation Pvt. Ltd.	100%	Full Consolidation
Saideep Polytherm	100%	Full Consolidation

Source: BSL annual report FY2021

Note: ICRA has taken a consolidated view of the parent (BSL), its subsidiaries and associates while assigning the ratings.

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Branches



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