

October 29, 2025

Bharat Fritz Werner Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund based - Cash credit	66.50	81.50	[ICRA]A (Stable); reaffirmed; assigned for enhanced amount
Long Term-Fund Based-Term Loan	168.30	233.03	[ICRA]A (Stable); reaffirmed; assigned for enhanced amount
Short Term-Non Fund Based-Others	108.50	99.00	[ICRA]A2+; reaffirmed
Long Term-Unallocated	25.00	10.00	[ICRA]A (Stable); reaffirmed
Total	368.30	423.53	

*Instrument details are provided in Annexure I

Rationale

The rating action on the bank lines of Bharat Fritz Werner Limited (BFW/company) factors in the company's established position in the Indian machine tool industry, which is expected to support improvement in revenues and margins over the medium term. The company has extensive experience of over six decades and strong customer relationships. The company's operating income stood at Rs. 1,451.9 crore in FY2025, a YoY growth of 6%, supported by a combination of factors including healthy capex and replacement demand from end-user industries, increase in realisations, import substitution and higher export sales, among others. ICRA also notes that the company has scaled down its operations in its Peenya (Bengaluru) plant in Q4 FY2025 and has shifted its operations completely to the new plant in Thally (Hosur, Tamil Nadu) plant, which has been operational since FY2024. While this resulted in a temporary disruption in operations and deferral of certain orders, the superior technology at the new plant with automation and other efficiency-improving measures, along with superior capabilities to manufacture higher capacity tools, are expected to improve its business prospects as well as operating margins over the medium term from current levels of 5.0-5.5%.

The company had incurred sizeable debt-funded capex for construction of its new plant in Hosur, Tamil Nadu, for capacity enhancement, which has moderated its debt metrics. Further, its operations necessitate relatively high raw material and spare parts stocking, given the relatively long gestation period of manufacturing machine tools. Accordingly, the working capital borrowings are high, leading to low current ratio and relatively high Total Outside Liabilities (TOL) to Tangible Net Worth (TNW) of 2.6 times as on March 31, 2025.

With the operations being shifted out of the Peenya plant, the company intends to monetise the assets at Peenya within the upcoming couple of quarters, proceeds from which are expected to be utilised for deleveraging and supporting growth prospects over the medium term. The capital structure and coverage metrics are expected to improve going forward through scale-up at the new plant, deleveraging from monetisation of non-core assets, and absence of debt-funded capex over the medium term.

The Stable outlook on the long-term rating reflects ICRA's expectations that the company will be able to sustain its credit profile and improve debt metrics, supported by cash accruals, adequate liquidity position, expected deleveraging initiatives and absence of significant debt-funded capex over the medium term.

Key rating drivers and their description

Credit strengths

Established presence in the machine tools industry – BFW has an extensive track record in the Indian machine tool industry spanning more than six decades. The company manufactures multiple categories of machines including vertical machines (VMC, 49% of revenues in FY2025), horizontal machines (HMC, 22% of revenues in FY2025), special purpose machines (SPM, 6% of revenues in FY2025), turning machines (16% of revenues in FY2025) in addition to sales of spares and services (7% of revenues in FY2025). Its products are used in several industries that require metal cutting, such as automotive, industrial applications and defence, among others. The company's long presence in the industry and its strong technical and design capabilities enable it to provide customised machines to customers.

Diversified clientele – BFW has established relationships with its reputed clientele comprising several tier-I auto component suppliers. Its revenues are diversified with the top 10 customers accounting for only 23% of the company's revenues in FY2025, thereby insulating its revenues from any loss of customers to competition or lower orders from specific customers. The company has also been getting repeat orders over the years, which supported its revenue growth.

Credit challenges

Moderate debt metrics – BFW's operations necessitate relatively high raw material and spare parts stocking, given the relatively long gestation period of manufacturing machine tools. Accordingly, the working capital borrowings are high, leading to low current ratio and relatively high Total Outside Liabilities (TOL) to Tangible Net Worth (TNW) of 2.6 times as on March 31, 2025. The company also incurred sizeable debt-funded capex for construction of its new plant in Hosur, Tamil Nadu, in the last two years, for capacity enhancement, which has moderated its debt metrics, with debt service coverage ratio (DSCR) of 1.6 times and Total Debt/OPBITDA of 5.1 times as on March 31, 2025. However, the capacity expansion was critical to bag incremental orders, and the superior technology and capabilities in the new plant are expected to open new avenues for the company across product portfolio, user industries and geography as well. The coverage indicators were also impacted to some extent in FY2025 by the closure of the Peenya plant. However, the company has taken steps to improve its debt servicing capabilities during this period of transition, such as replacing its existing loans with new loans with a longer repayment tenor, to ease cash outflows to an extent. Further, the company is expected to monetise the Peenya plant over the next couple of quarters, proceeds from which are expected to be utilised for deleveraging and enhancing growth prospects over the medium term. Accordingly, the capital structure and coverage metrics are expected to gradually improve going forward through scale-up of the new plant, deleveraging and absence of debt-funded capex over the medium term.

Earnings susceptible to volatility in demand from underlying consumer sectors and risks arising from competition – BFW's revenues and profitability remain susceptible to volatility in demand from the underlying consumer sectors (primarily auto) and the macroeconomic environment. However, the consolidation in the industry with shift in demand to organised players from unorganised players and import substitution would support BFW's revenues over the medium term.

Liquidity position: Adequate

BFW's liquidity profile remains adequate, supported by its anticipated cash flows from operations of over Rs. 50 crore and undrawn fund-based working capital lines of Rs. 26.7 crore as on August 31, 2025. The company had minimal free cash and bank balances of Rs. 2.9 crore as of March 2025. The company has minimal maintenance capex plans of Rs. 10 crore p.a. over the medium term, which are expected to be funded through internal accruals. The company has scheduled repayment of Rs. 25.9 crore in FY2026, Rs. 43.2 crore in FY2027 and Rs. 47.4 crore in FY2028 as per latest terms of its existing debt, which is expected to be funded from the existing sources of liquidity. Overall, ICRA expects BFW to be able to meet its near-term commitments through internal sources of cash.

Rating sensitivities

Positive factors – ICRA could upgrade BFW’s ratings if its revenues and profitability improve significantly and on a sustained basis, resulting in material improvement in debt metrics (including Total Outside Liabilities to Tangible Net Worth) and liquidity position.

Negative factors – Negative pressure on the ratings could arise in case of sustained demand slowdown in the end-user industries resulting in material contraction in revenues, earnings and cash flows, leading to weakening of debt metrics and liquidity position on a sustained basis. Any significant delays in monetisation of the Peenya assets, resulting in sustained high leverage relative to the current rating levels would also exert pressure on the ratings. Specific metrics that could lead to a downgrade would be DSCR less than 1.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial statements of Bharat Fritz Werner Limited, as mentioned in Annexure-2.

About the company

Bharat Fritz Werner Limited is a leading producer of machine tools in India and is part of the Kolkata-based Kothari Group. The company is involved in manufacturing CNC (computer numerical control) milling and turning machines. It supplies products primarily to customers in the automotive sector. The company has four subsidiaries. The subsidiary M2NXT Solutions Private Limited, incorporated in 2019, is a digital cyber automation solutions provider that provides solutions in connecting various processes for advanced manufacturing processes. BFW Asset Management GmbH is involved in precision manufacturing and machining. Further, the company has 100% stake in BFW Advanced Manufacturing Private Limited and BFW Europe SAS, France. BFW’s manufacturing facility is located at Hosur, Tamil Nadu.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	1,373.1	1,451.9
PAT	34.0	17.2
OPBDIT/OI	5.5%	5.5%
PAT/OI	2.5%	1.2%
Total outside liabilities/Tangible net worth (times)	2.7	2.6
Total debt/OPBDIT (times)	4.7	5.1
Interest coverage (times)	4.2	2.2

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Total debt includes lease liabilities of Rs. 18.7 crore and loan from related parties of Rs. 18.4 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 29, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based-Cash credit	Long-term	81.50	[ICRA]A (Stable)	Aug 27, 2024	[ICRA]A (Stable)	Jul 31, 2023 Aug 10, 2023	[ICRA]A-(Stable) [ICRA]A-(Stable)	Sep 09, 2022	[ICRA]A-(Positive)
Fund based-Term loan	Long-term	233.03	[ICRA]A (Stable)	Aug 27, 2024	[ICRA]A (Stable)	Jul 31, 2023 Aug 10, 2023	[ICRA]A-(Stable) [ICRA]A-(Stable)	Sep 09, 2022	[ICRA]A-(Positive)
Non-fund based-Others	Short-term	99.00	[ICRA]A2+	Aug 27, 2024	[ICRA]A2+	Jul 31, 2023 Aug 10, 2023	[ICRA]A2+ [ICRA]A2+	Sep 09, 2022	[ICRA]A2+
Unallocated	Long-term	10.00	[ICRA]A (Stable)	Aug 27, 2024	[ICRA]A (Stable)	Jul 31, 2023 Aug 10, 2023	[ICRA]A-(Stable) [ICRA]A-(Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash Credit	Simple
Long-term fund-based – Term Loan	Simple
Short term Non-fund Based	Very Simple
Long term - Unallocated	Not Applicable

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 analysing 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 are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term Fund-based – Cash Credit	NA	NA	NA	81.50	[ICRA]A (Stable)
NA	Long-term Fund-based – Term Loan	FY2025	8.5%-9.5%	FY2028-FY2032	233.03	[ICRA]A (Stable)
NA	Long term - Unallocated Limits	NA	NA	NA	10.00	[ICRA]A (Stable)
NA	Short-term Non-fund Based	NA	NA	NA	99.00	[ICRA]A2+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
BFW Asset Management GmbH, Germany	99.66%	Full Consolidation
M2NXT Solutions Private Limited	99.66%	Full Consolidation
BFW Advanced Manufacturing Private Limited	100.00%	Full Consolidation
BFW Europe SAS, France	100.00%	Full Consolidation

Source: Company, Annual report FY2025

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