

## Billets Elektro Werke Private Limited

| Instrument                       | Amount         | Rating Action                 |
|----------------------------------|----------------|-------------------------------|
|                                  | In Rs. Crore   | As in August 2016             |
| Long-term fund based limits      | 9.50 (PY 7.00) | [ICRA]BBB (Stable) reaffirmed |
| Short-term non-fund based limits | 3.46 (PY 9.67) | [ICRA]A3+ reaffirmed          |

PY – Previous year

ICRA has reaffirmed the long-term rating of [ICRA]BBB (pronounced ICRA triple B) assigned to the Rs. 9.50 crore<sup>1</sup> (enhanced from Rs. 7.00 crore) fund based facilities of Billets Elektro Werke Private Limited (BEWPL or “the company”) <sup>2</sup>. ICRA has also reaffirmed the short-term rating of [ICRA]A3+ (pronounced ICRA A three plus) assigned to the Rs. 3.46 crore (reduced from Rs. 9.67 crore) non-fund based facilities of BEWPL. The outlook on the long term rating is Stable.

The rating reaffirmations take into account the improvement in BEWPL’s profitability levels in FY2016 owing to decline in raw material prices. This coupled with reduced debt levels resulted in a further improvement in capital structure and coverage indicators of BEWPL. The ratings also favourably factor in long experience of the promoters in the electrical component manufacturing business and BEWPL’s relationship with reputed customers, which indicates good product quality and assures repeat orders. The ratings also take into account geographical diversification of the company’s revenues through both exports and domestic sales. The ratings, however, are constrained by a sharp decline in turnover in FY2016 on account of reduction in exports following slowdown in Australian mining sector. The ratings also take into account the company’s exposure to high sales concentration risks with more than half of the company’s revenues coming from its top five customers in FY2016; and its exposure to exchange rate risk as exports comprised of ~60% of BEWPL’s total sales during FY2016. ICRA notes that BEWPL’s inventory levels remain high, which exposes the company’s profitability to price risks. However, order backed procurement of raw material reduces the price risk to some extent.

### Company Profile

Incorporated in 1990, Billets Elektro Werke Private Limited (BEWPL) manufactures crimping tools and cable lugs made from copper and aluminium. The company is promoted by Mr. Ashok G Patel, who has more than three decades of experience in the electrical component manufacturing business. BEWPL has its manufacturing facility located at Umbergaon in Gujarat.

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<sup>1</sup> 1 crore = 10 million = 100 lakh

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's Website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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