



Bedmutha Industries Limited

Rating History

Instrument	Amount	Amount Outstanding	Rating		
	In Crore	In Crore	As on August 10	-	-
Term Loan	7.75	N.A.	LBB (stable)	-	-
Fund Based Limits	49.00	N.A.	LBB (stable)	-	-
Non-Fund Based Limits	24.00	N.A.	A4	-	-

ICRA has assigned an LBB (pronounced L double B) rating to the Term Loan and Fund Based limits of Bedmutha Industries Limited (BIL) aggregating to Rs. 7.75 crore¹ and Rs. 49.00 crore respectively[†]. The rating carries a stable outlook. ICRA has also assigned an A4 (pronounced A four) rating to the Non-Fund Based limits of BIL aggregating to Rs. 24.00 crore[†].

The ratings take into account the company's established track record of two decades in the wire manufacturing business, healthy growth in production levels with regular increase in production capacities, strong presence in the Western region and a reputed and well-diversified customer profile. The ratings are however constrained by the competition present in the industry on account of the presence of several large and well established players in certain product categories and a host of unorganised players in other product segments and an adverse capital structure with the ratio of Total Debt / Net Worth at 3.11 times as on 31st March 2010. The company has plans to issue an IPO² in the near term and the proceeds of the same would be utilized for setting up manufacturing capacity for LRPC³ wires and Spring Steel wires that would lead to scaling up of revenues, though the company faces high project implementation risks in setting up the project given the limited progress made so far. ICRA will evaluate the impact of the IPO proceeds on the credit profile of the company once the company is able to close the IPO.

Company Profile

Bedmutha Industries Limited (BIL) was incorporated in the year 1990 as Bedmutha Wire Company Limited. The company however commenced commercial production in the year 1992 by setting up its first galvanised wire plant at Nashik with an installed capacity of 3600 MTPA. Subsequently over the years the company has expanded its capacities to present capacity of 33,500 MTPA. The company is involved in the manufacture of steel wires, covering a wide range of products, viz. Galvanised wire, Cable Armour, Aluminium Conductor Steel Reinforced Wire, Stay Wires, High Carbon Rope wires, etc. The products of the company find applications in power cables, telephones, agriculture, wire netting, springs, auto industries, constructions, railways etc.

Over the years, the company has also expanded its capacity through merger of its group companies, namely Shriram Wire Pvt. Ltd. (manufacturing of high carbon steel wire), Kamdhenu Wire Pvt. Ltd. (manufacturing of wire nails) and Ajay Wire Products Pvt. Ltd. (manufacturing of stay wires). The merger has aided the company in increasing its size of operations as well as its product portfolio. Further, during FY 2010 the company has acquired ~55% stake in Kamalasha Infrastructure and Engineering Pvt. Ltd. (KIEPL) that is involved in implementation of turnkey contracts for infrastructure projects namely in power, roads, railways etc. KIEPL offers a direct synergy to the company in terms of consuming Galvanised Wires and Stay Wires. The company also invested 49% equity stake in Ashoka Pre-Con Private Limited (APPL) in the year 2008 to manufacture pre-stress concrete products such as cement poles, RCC pipes, cement piles, railway sleepers etc.

During FY 2010, the company has reported operating income of Rs. 149.68 crore and PAT (Profit After Tax) of Rs. 10.01 crore.

[†] 1 100 lakh = 1 crore = 10 million

¹ For complete rating definition please refer to ICRA Website www.icra.in or any of the ICRA Rating Publications

² Initial Public Offering

³ Low Relaxation Pre-Stressed Concrete



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