

## Bharat Wire Ropes Limited

August 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	125.11 (Reduced from 156.32)	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	25.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings reflects the healthy operational and financial performance of Bharat Wire Ropes Limited (BWRL) in FY25 (refers to April 01 to March 31), despite lower-than-envisaged revenue and moderation in profitability due to declining steel prices and higher logistics costs attributable to geopolitical tensions in Middle East, and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance in the coming years aided by improving capacity utilisation and expanding distribution network. BWRL's operating income remained flat at ~₹620 crore in FY25 (PY: ₹622 crore) despite a 10% year-on-year (YoY) volume growth due to correction in steel prices. While its adjusted profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin (adjusting for subsidy) moderated by ~500 bps YoY to 15% in FY25 considering gross margin compression owing to inability to pass on the higher freight costs to customers on some pre-negotiated orders, it continues to remain healthy supported by high value-added nature of products and expanding distribution network. CareEdge Ratings expects BWRL's revenue to grow by 8-10% p.a. over the medium term with adjusted PBILDT margin sustaining above 15% translating into healthy cash accruals. Ratings also consider the extension of the PSI subsidy (refund of state GST) available to the company by the Maharashtra Government, which provides additional liquidity support.

Ratings continue to factor in BWRL's adequate capital structure reflected by overall gearing of 0.18x (PY: 0.20x) aided by healthy net worth base supported by accretion of profits and compulsory convertible preference shares (CCPS) which were issued to the lenders, per the terms of the approved resolution plan (RP), at the time of restructuring.

Ratings remain supported by BWRL's comfortable debt coverage indicators with PBILDT interest coverage and total debt/PBILDT at 10x and 1x, respectively, in FY25. Ratings continue to derive strength from reputed and established customer base, and experience of the promoters. However, risks emanating from uncertain global demand outlook and rise in inventory due to the extended shipping period and its impact on the company's operations remain a key monitorable. Ratings also remain constrained by working capital intensive operations, susceptibility to raw material price volatility and foreign exchange fluctuation risks, and sizeable pledge of promoter shareholding in the company (per the terms of the approved RP), which limit the company's financial flexibility.

### 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

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

The stable outlook reflects CareEdge Ratings' expectations that BWRL will sustain its improving financial performance in the coming quarters 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 Managing Director of BWRL, with more than three decades of overall corporate experience. Prior to acquiring BWRL, he was associated with large corporates for almost 23 years, in several positions such as Executive Director on the board of several companies. His son, Mayank Mittal, is the Joint Managing Director of the company. He has a decade of overall industry experience 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 performance in FY25 despite moderation in profitability; likely to sustain over medium term**

BWRL's scale of operations continues to remain stable at ₹620 crore in FY25 with decline in average realisation on the back of correction in steel prices mitigating the benefit. Around 10% y-o-y volume growth in FY25 was led by expansion of its domestic customer base during the year. The compression on gross margins and lower absorption of fixed costs squeezed the operating margins from 20.31% in FY24 to 15% in FY25 (excluding subsidy income). Hence, PBILDT per tonne has declined by 33% on a y-o-y basis in FY25. However, despite the decline, the company has been able to generate healthy gross cash accruals for FY25. Going forward, BWRL is expected to sustain its performance with stabilisation of operations. The recent installation of balancing machinery is anticipated to improve capacity utilisation, driving revenue growth in the forthcoming quarters. The subsequent growth in volume sales, supported by higher capacity utilisation translating into growth in scale of operations and stable profitability, will be a key monitorable.

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

The company's capital structure continues to remain below unity at 0.18x (PY: 0.20x) aided by accretion of profits and repayment of scheduled debt and prepayments of term loans from the subsidy received, per terms of the approved RP. CareEdge Ratings notes that the CCPS were issued to lenders as per the terms of the approved RP. Additionally, the lenders had been issued 10% equity shares of the company in lieu of their Right to Recompense (RoR). Further, the decrease in absolute operating profit in FY25 has moderated BWRL's TD/PBILDT to 1x (PY: 0.81x). BWRL's adjusted interest coverage ratio (adjusted for subsidy income) moderated in FY25. However, it continues to remain comfortable at 10x as on March 31, 2025 (PY: 11x). CareEdge Ratings notes that the government has extended PSI subsidy scheme (refund of SGST), 50% of which is to be necessarily utilised to prepay outstanding borrowings per the resolution plan. CareEdge 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.

#### **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 continue to remain low at eight days in FY25 (PY: 9 days), as the company used its accruals to get better prices from its suppliers. BWRL's operating cycle continues to remain stretched at 120 days in FY25 (PY: 115 days), largely considering reduction in payable days while the inventory and receivables moderately increased due to the extended shipping lead times. CareEdge Ratings will continue to monitor 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 and FY25, 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 over 80% to the total revenue, which exposes its profitability to variations in foreign exchanges rates.

#### **Liquidity: Adequate**

BWRL's liquidity profile is marked adequate with expected healthy gross cash accruals of over ₹100 crore p.a. in next three years, against which, the company has scheduled repayments of ₹13-15 crore and maintenance capex of ₹25-30 crore p.a. The average

utilisation of working capital borrowings stood at 41% for 12-months ended June 2025, which provides additional buffer. The current ratio is projected to remain healthy above 5x for medium term.

### 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

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Aluminium, copper & zinc products

Incorporated in 1986, BWRL is a manufacturer of metal wire ropes (used in lifting equipment such as cranes, and elevators, among others), wire rope assemblies, and defence products. The company was acquired by current promoters in 2010. The company is listed as a supplier with government and semi-government organisations, including 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 in Europe, Middle East, USA and Asia, through its dealer. BWRL has two manufacturing plants at Atgaon (capacity of 6,000 MTA) and Chalisgaon (capacity of 66,000 MTA). The company's equity shares are listed on BSE and NSE.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	621.84	619.32
PBILDT	164.01	132.39
PAT	96.34	72.44
Overall gearing (times)	0.20	0.18
Interest coverage (times)	11.09	9.93

A: Audited; 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

**Detailed explanation of 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 and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	55.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	March 2032	70.11	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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	70.11	CARE BBB+; Stable	-	1)CARE BBB+; Stable (02-Jul-24)	1)CARE BBB; Stable (21-Jun-23)	1)CARE BBB-; Stable (25-Apr-22)
2	Fund-based - LT-Cash Credit	LT	55.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (02-Jul-24)	1)CARE BBB; Stable (21-Jun-23)	1)CARE BBB-; Stable (25-Apr-22)
3	Non-fund-based - ST-BG/LC	ST	25.00	CARE A3+	-	1)CARE A3+ (02-Jul-24)	1)CARE A3 (21-Jun-23)	1)CARE A3 (25-Apr-22)

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 lender-wise details of bank facilities please [click here](#)

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

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