

Beardsell Limited

December 26, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BB+; Stable (Double B Plus; Outlook: Stable) and Withdrawn
Short Term Bank Facilities	-	-	Reaffirmed at CARE A4+ (A Four Plus) and Withdrawn
Total Bank Facilities	0.00 (₹ Only)		

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers:

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4+' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the bank facilities of Beardsell Limited with immediate effect. The above action has been taken at the request of Beardsell Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

Detailed description of the key rating drivers

The ratings continue to be constrained by moderate profitability margins susceptible to volatile raw material prices, highly competitive and cyclical industry and stretched liquidity position. The ratings, however, draw strength from experience of the promoters in the industry, long track record of operations, diversified revenue stream and comfortable capital structure.

Key Rating Weaknesses

Moderate profitability margins susceptible to volatile raw material prices:

The PBILDT margins of the company stood moderate and highly volatile at 7-9% during the last three years. BSL's key raw materials include expanded polystyrene (EPS) resins, iso-cyanate, steel and GI wires. The prices of resins being linked to crude oil have always exhibited high volatility rendering the margins fluctuating in the last few years. Further, the prices of other raw materials like steel, GI pipes, coal etc have also witnessed exorbitant increase in the recent past impacting the operating margins. The company has limited scope to pass on the raw material price hike due to heavy competition which keeps the margins exposed. Nevertheless, the company has consistently undertaken cost rationalization measures in the last two years coupled with scaling up of volumes which has led to improvement in the PBILDT margins to more than 8% during H1FY23.

Highly competitive and cyclical industry:

BSL has two major business segments – thermocol packaging and prefabricated panel products – which form major part of the revenue. The end user industry primarily includes the consumer durable and pharma companies. This keeps its operations cyclical depending on the demand from the end-user industries. Further, as entry and exit barriers in this industry are low, the industry has many organized as well as unorganized players which put pressure on the margins.

Key Rating Strengths

Extensive experience of promoters and long track record of operations

BSL has been in operation for more than eight decades and is managed by Mr Amrith Anumolu who is the key managerial person associated with the company. The promoter has almost two decades of experience in engineering industry. Besides, the company's team of well-qualified professionals for heading various functional departments has enabled it to establish itself into expanded business fields.

Diversified revenue stream

BSL has a diversified revenue stream with major contribution from expanded polystyrene (43%) and prefab panels (34%) followed by trading and services (23%) of electric motors. EPS division is primarily involved in manufacturing of packing materials for consumer durable companies. Further, the company also manufactures pre-fab panels having two sub division, Isobuild and Quikbuild which are used for cold storages, pharma, clean rooms, blast freezers, insulated partitions and roof top structures. The company also undertakes works contract for Government departments and Public Sector Undertakings.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Established and diversified client base

BSL caters to wide range of customers across all the divisions in the market and has some of the reputed client base which has also led facilitated in getting repeat orders from some of its customers. The company has nine branches at various locations with a separate incharge for each branch catering to different locations. Company has more than 200 customers across various industries like consumer durable, pharma, government departments. The company have also supplied the goods to some of the reputed clients like Pepsi Co, Cipla Limited, Saint Gobain, L&T, Asian Paints and Samsung Electronics. The customer base has remained diversified with the top ten customers driving around 5% of its total sales.

Comfortable Leverage levels

The leverage levels of the company stood comfortable with overall gearing at 0.78x as on March 31, 2022. The debt coverage indicators remained comfortable marked by interest coverage ratio of 2.68x and total debt/GCA of 4.13x during FY22.

Analytical approach: Consolidated

CARE has analyzed Beardsell Limited's credit profile by considering the consolidated financial statements (comprising BSL and its wholly owned subsidiary, Sarovar Insulation Pvt. Ltd and Saideep Polythermal) owing to financial and operational linkages between the parent and its subsidiary. The companies are engaged in similar/same line of business and are run by common management

Applicable Criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Policy on Withdrawal of Ratings](#)

About the Company

Beardsell Limited ("BSL") was incorporated in 1937 as a trading company which eventually diversified into manufacturing of variety of thermal insulation products. The company broadly has three divisions, Expanded Polystyrene Products, Isobuild and Quikbuild. Expanded polystyrene division manufacture custom designed packaging material for various consumer durable companies. Isobuild division manufactures panels which are used for cold storages, blast freezers and clean rooms and Quikbuild division is a pre-engineered panel which is erected on plinth and plastered with sand/cement to form walls. Apart from manufacturing the above products the company is also engaged in trading of electric motors. The company has six manufacturing units located in Chennai, Thane, Bangalore, Karad, Hyderabad and Hapur and nine branches across districts.

Brief Financials (Rs. crore)	31-03-2021 (A)	31-03-2022 (A)	H1FY23
Total operating income	132.38	186.24	115.97
PBILDIT	11.36	12.75	9.44
PAT	-0.40	2.81	2.52
Overall gearing (times)	1.33	0.78	NA
Interest coverage (times)	2.13	2.68	4.67

A: Audited; Prov.: Provisional; NA: Not available

Status of non-cooperation with previous CRA: Not Applicable

Any other information:

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC	-	-	-	0.00	Withdrawn

Annexure-2: Rating History of 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable (13-Oct-22)	-	-	-
2	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable (13-Oct-22)	-	-	-
3	Non-fund-based - ST-BG/LC	ST	-	-	1)CARE A4+ (13-Oct-22)	-	-	-

Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable**Annexure 4: Complexity level of various instruments rated for this Company**

Sr No	Name of 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: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. This classification is available at www.careedge.in. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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