

December 11, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF BHARAT WIRE ROPE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Term Loan)	330	CARE BBB- (Triple B Minus)	Assigned
Long-term Bank Facilities (Term Loan)	0 (5)	-	Withdrawn
Long-term Bank Facilities (Cash Credit)	25 (25)	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	25 (30)	CARE A3 (A Three)	Reaffirmed
Total Facilities	380 (Rupees Three Hundred and Eighty crore only)		

Rating Rationale

The ratings assigned /reaffirmed to the bank facilities of BWRL continue to derive strength from its professionally qualified promoters with noteworthy experience, wide product portfolio, reputed clientele spanning across geographies and accreditations received from reputed international agencies for its products.

The rating strengths, however, are tempered by low profitability arising out of susceptibility to steel price volatility, project execution risk associated with the setting up of new integrated facility, moderate financial performance and high operating cycle.

The ability of BWRL to successfully execute the project in time, improve its turnover and profitability margins amidst steel price volatility and reduce collection period remains the key rating sensitivities.

Background

Bharat Wire Ropes Limited (BWRL), a closely-held company promoted by Sunderji Shah and Devchand Shah in 1968, was reconstituted as a public limited company in 1986. In July 2010, BWRL was acquired by Gaji Mercantile Ltd. (GML, 87.34%), an SPV floated by Mr M L Mittal (Promoter), Mentors Capital Ltd. (investor) and Gyan Shanker Investment Pvt. Ltd. (investor). BWRL is engaged in manufacturing of variety of wire strands, wire ropes and slings of various sizes and dimensions ranging from 6 mm-125 mm diameter with an aggregate capacity of 18,000 TPA (tonnes per annum) as on March 31, 2015 at its facility at Shahpur, Maharashtra. The products find application in industries such as general engineering, elevators, cranes, fishing, onshore/offshore oil exploration, ports, shipping and mining.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

The company is setting up an integrated wire manufacturing unit at Chalisgaon, Maharashtra with project cost of Rs.483.42 crore. The project is proposed to be financed by a debt-equity ratio of 2.15:1; of which term loan amounting to Rs.330 crore has been tied up and balance Rs.153.42 crore would be funded through equity (IPO)/ internal accruals. The entire project is envisaged to be completed by December 2016.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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