



Brahmaputra Metallics Limited (BML)

April 14, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loans	170.56	SMERA B-/Stable (Assigned)
Working Capital Term Loan	31.88	SMERA B-/Stable (Assigned)
Funded Interest Term Loan	34.16	SMERA B-/Stable (Assigned)
Cash Credit	43.66	SMERA B-/Stable (Assigned)
Letter of Credit	44.86	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B-**' (read as **SMERA single B minus**) to the Rs.280.26 crore fund-based bank facilities and '**SMERA A4**' (read as **SMERA A four**) to the Rs.44.86 crore non-fund based bank facility of Brahmaputra Metallics Limited (BML). The outlook is '**Stable**'. The ratings are constrained by the company's weak financial risk profile. However, the ratings draw comfort from the company's experienced management. The ratings also draw comfort from the timely financial support received by the company from its promoters.

BML, incorporated in 2006, is a Guwahati-based company engaged in manufacturing of sponge iron and mild steel billets. BML's financial profile has weakened on account of slowdown in the iron and steel industry. The company has reported cash losses since FY2012-13 (refers to financial year, April 01 to March 31). BML's debt was restructured in FY2012-13. The company's gearing (debt-equity ratio) is high at 2.75 times as on March 31, 2014 despite conversion of unsecured loans (of Rs.45.97 crore) into equity.

BML benefits from experienced management. The promoters of the company have around three decades of experience in the steel industry. BML's promoters have provided timely financial support for repayment of external debt availed by the company.

Outlook: Stable

BML's long-term rating has a 'Stable' outlook. The outlook may be revised to 'Positive' in case the company registers healthy cash flows while achieving sustained improvement in financial risk profile. The outlook may be revised to 'Negative' in case of deterioration in the company's business and financial risk profile.

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**About the company**

BML, incorporated in 2006, is a Guwahati-based company engaged in manufacturing of sponge iron and mild steel billets. BML is a joint venture between Lohia Group and Jaiswal Group. The company has a factory unit in Ramgarh (Jharkhand), with installed capacity of 1,05,000 tonnes per annum for sponge iron and 1,58,400 tonnes per annum for billets. BML also has a 20 MW captive power plant. The company's promoter group has interests in various other businesses such as cement and real estate.

For FY2013-14, BML reported net loss of Rs.29.43 crore on operating income of Rs.276.39 crore, as compared with net loss of Rs.63.48 crore on operating income of Rs.114.19 crore in FY2012-13. The company's net worth stood at Rs.88.70 crore as on March 31, 2014, as compared with Rs.72.56 crore a year earlier.

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