

January 27, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit*	5.00	SMERA B/Stable (Assigned)
Term Loan	1.82	SMERA B/Stable (Assigned)
Proposed Long Term	1.18	SMERA B/Stable (Assigned)

*Bank Guarantee of Rs. 25.00 lakh is the sub limit of cash credit.

SMERA has assigned a long-term rating of '**SMERA B**' (read as **SMERA B**) to the Rs.8.00 crore bank facilities of Bihani International Private Limited (BIPL). The outlook is '**Stable**'. The rating is constrained by the moderate scale of operations, low margin and profitability. The rating is further constrained by the stretched liquidity and high bank limit utilisation of 90 percent for the period April 2015 to December 2015. Besides, SMERA also notes the intense competition in the steel industry. However, the rating draws support from the experienced management and moderate financial risk profile.

Outlook: Stable

SMERA believes BIPL will maintain a stable business risk profile in the medium term owing to its established operations and extensive experience of the proprietor. The outlook may be revised to 'Positive' in case of improvement in operations, profitability and working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Improving working capital cycle

About the Company

BIPL, incorporated in 1992 by Mr. Om Narayan Bihani and Mr. Keshav Bihani is engaged in the business of steel products such as steel coil, GP and GC sheet. In 2009, the company was appointed the authorised distributor of Tata Steel for GP, GC sheets, coils, colour coated sheets for Uttarakhand state. The company has a vast network of around 50 dealers in Uttarakhand and has also taken a Carrying and Forwarding (C&F) agency of Tata Steel.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.31.40 crore, as compared with profit after tax (PAT) of Rs.0.34 crore on operating income of Rs.28.70 crore in FY2013-14. The net worth stood at Rs.7.39 crore as on March 31, 2015 against Rs.5.39 crore a year earlier. The total debt of Rs.11.28 crore includes unsecured loans of Rs.2.65 crore that are subordinated to bank debt as on March 31, 2015.

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