

February 10, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	0.35	SMERA BB-/Stable (Assigned)
Overdraft	2.30	SMERA BB-/Stable (Assigned)
Bank Guarantee	3.25	SMERA A4+ (Assigned)

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short-term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.5.90 crore bank facilities of Bright Shaft Industries (BSI). The outlook is '**Stable**'. The ratings continue to be supported by the firm's established operations and experienced management in the steel industry. However, the ratings are constrained by the firm's average financial risk profile backed by low profitability margins, low net worth and moderate operating scale in a competitive and fragmented steel industry.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profit margins
- Fluctuations in raw material prices
- Efficient working capital management

Outlook: Stable

SMERA believes that the firm will continue to maintain a stable business risk profile owing to the management's extensive industry experience and established relations with customers. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals while improving its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the capital structure or deterioration of financial risk profile.

About the Firm

Incorporated in 1986, BSI, promoted by Mrs. Raj Mehta and family manufactures cold drawn bright steel bars. The day-to-day operations are managed by Mrs. Raj Mehta. The firm's manufacturing unit is located in Faridabad.

The firm reported profit after tax (PAT) of Rs.0.40 crore on operating revenues of Rs.35.80 crore for FY2014-15, as compared with PAT of Rs.0.50 crore on operating revenues of Rs.42.82 crore in the previous year.

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SMERA RATINGS LIMITED

Bright Shaft Industries (BSI)

Rating
Rationale

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