

March 09, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	6.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4+ (Assigned)
Proposed Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Proposed Bank Guarantee	0.50	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (read as SMERA double B minus) and '**SMERA A4+**' (read as SMERA A four plus) to the Rs.9.00 crore bank facilities of Bharat Bright Bars Private Limited (BBBPL). The outlook is '**Stable**'. The ratings draw comfort from the company's experienced management, established operational track record and moderate financial risk profile. However, the ratings are constrained by the modest scale of operations in an intensely competitive iron and steel industry and working capital intensive nature of operations. The ratings also factor in the susceptibility of profit margins to volatility in raw material prices and forex fluctuations.

Rating Sensitivity Factors

- Scaling up operations while maintaining adequate profitability
- Effective working capital management

Outlook: Stable

SMERA believes BBBPL will maintain a stable business risk profile over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher than expected growth in revenues and profit margins while achieving efficient working capital management and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of decline in the profit margins and deterioration in the financial risk profile due to higher-than-expected debt-funded capex or working capital requirements.

About the Company

BBBPL, incorporated in 2000 is a Mumbai-based company engaged in the manufacture of bright steel bars at Murbad, Thane. The installed capacity of the company is 6000 metric tonnes per annum. The company is promoted by Mr. Chandanmal K. Jain and Mr. Bharat K. Jain who have around 25 years of experience in the iron and steel industry.

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In FY2014-15, BBBPL reported net profit of Rs.0.07 crore on operating income of Rs.20.29 crore, as compared to net profit of Rs.0.13 crore on operating income of Rs.17.69 crore in the previous year.

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