



SMERA RATINGS LIMITED

Bharat Bright Bars Private Limited (BBBPL)

*Rating
Rationale*

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.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

**Bharat Bright Bars Private Limited
(BBBPL)****Rating
Rationale**

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.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M. National Sales Head – Emerging Corporate Group Tel: +91-22-6714 1151 Cell: +91 9892306888 Email: suman.m@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.