



Rating Rationale

B.M. Jain Steel Co. LLP

April 17, 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 8.95 Crores of B.M. Jain Steel Co. LLP

Particulars

Facility	Rated Amount (Rs. In Crs)	Tenure	Rating
Fund Based - Cash Credit	2.75	Long Term	BWR B+ (Pronounced as Single B Plus) Outlook : Stable
Term Loan	6.20		
Total	8.95	Rupees Eight Crores and Ninety Five Lac Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon projected financials of FY19 to FY23, publicly available information and information/ clarifications provided by the company.

The rating has, inter alia, factored in strong professional experience of the partners. The rating is, however, constrained by the fact that the commercial operations to be started and competitive nature of industry.

Going forward scaling up of business and achieving the projections in terms of sales and profitability margins, completion of the project in time without cost over -run would be the key rating sensitivities.

Key Rating Drivers

Credit Strengths

- **Strong Professional experience of Partners** – Mr. Bengali Mal Jain, Mr. Ravindra Kumar Jain and Mrs. Seema Jain are the partners of firm. Mr Ravindra Kumar Jain has vast experience in the line of business and provide financial support to the firm.



Credit Weakness

- **Competitive nature of industry** - The industry is bifurcated into organized and unorganized sector. The industry contains a lot of players, due to low entry requirements for new players which creates the problem for price fluctuation.
- **Commercial operations to be started** - Construction of manufacturing plant at Dholpur is under process and expected to be completed in 2018.

Rating Outlook: Stable

BWR believes the B.M. Jain Steel Co. LLP’s business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

B.M. Jain Steel Co. LLP was incorporated as a LLP firm on 31.05.2016. The entity would be manufacturing a wide range of the superior quality Barbed Wire & Wire Nettings inclusive of Fence System, Accessories & Wire Mesh Products. The entity is a sister concern of Bishambhar Nath Bangali Mal Jain known for their durability, strength, high anti-corrosive property and ability to withstand harsh weathering conditions in the same line of business. Firm is under the process of construction of manufacturing plant in Dholpur and expected to start manufacturing in the year 2018. Firm’s registered office is situated at 31/48, Tarkari Gali, Loha Mandi, Agra, UP -282002.

Mr. Bengali Mal Jain, Mr. Ravindra Kumar Jain and Mrs. Seema Jain are the partners of firm.

Company Financial Performance

Key Parameters		FY 19 (Projected)	FY20 (Projected)
Total Operating Income	Cr	21.43	23.81
OPBDIT	Cr	3.19	3.33
PAT	Cr	0.72	0.94
TOL/TNW	Times	3.32	2.39
Tangible Net Worth	Cr	2.86	3.81
Current Ratio	Times	1.56	1.86



Status of non-cooperation with previous CRA: NA

Rating History for the last three years (including withdrawn/suspended ratings)

Facility	Tenure	Rating Assigned (2018)		Rating History		
		Previous Amount (Rs. Crs)	Rating	2017	2016	2015
Fund Based: Cash Credit	Long Term	2.75	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable	NA	NA	NA
Term Loan		6.20		NA	NA	NA
Total		8.95	Rupees Eight Crores and Ninety Five Lac Only			

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.