



Rating Rationale

Baba Bearings Pvt Ltd.

5 June 2017

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 5.99 Crores of Baba Bearings Pvt Ltd (The Company) as follows:

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			BWR B- (Pronounced as BWR single B Minus) Outlook: Stable
Cash Credit	4.50	Long Term	
TL (Existing)	0.49		
TL (Fresh)	1.00		
Total	5.99	INR Five Crores and Ninety Nine Lakhs Only	

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

Note: the company has not provided all the required information and documents and hence rating assigned is subject to the same

Ratings Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY16, Projections up to FY18 and publicly available information and the information/clarifications provided by the Company's management.

The rating, inter alia, has factored the long track record of the company in the industry, experience of the Directors and improved sales. However, the rating is constrained by, high gearing, , low networth, reduced operating profit margin ,elongated cash conversion cycle, inadequate liquidity position, forex price risk and stiff competition in the industry. The ability of the company to sustain growth in operations, improve profit margins in an intensely competitive environment and timely repayment of debt obligations would be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that **Baba Bearings Pvt Ltd** 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

Baba Bearings Pvt Ltd was incorporated on 11 Jan 1991. Promoted by Kansara family. The Company manufactures all types of rollers (Cylindrical, Spherical, Tapped and Flat-end needles) and supplies to major bearing manufacturing companies in India as well as in European countries such as the UK, Germany, Italy and France. The products are majorly used by automotive and other precision engineering industries.

The Directors of the company are Mr. Raj Narayan Kansara, Mr. Manohar Lal Kansara, Paras Ram Kansara and Mr. Hari Narayan Kansara. The company has manpower of 80 permanent employees.

The Company belongs to Sewaram Kansara Group, which is engaged in manufacturing of Rollers, Rings and Bearings. The group has four manufacturing units with Baba Bearings Pvt Ltd being one of the units.

Financial Performance

As per audited FY16 financials, the income -revenues reported at Rs.18.51 Crores as against Rs .17.73 Crs in FY15. The Company has reported PAT of Rs.0.14 Crs in FY 16 as against Rs.0.01 Crs in FY 15.

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

Sl. No.	Facility	Current Rating (Year 2017)			Rating History	Rating History	Rating History
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Fund Based	Long Term	5.99	BWR B-	Not Rated	Not Rated	Not Rated

Hyperlink/Reference to **applicable** **Criteria**

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



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For print and digital media

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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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100cities.

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.