

Rating Rationale

Brickwork Ratings has assigned 'BWR BB' & 'BWR A4' rating for Bank Loan Facilities aggregating ₹ 40.70 Cr of Maa Bhagwati Coke (Gujarat) Pvt. Ltd.

Brickwork Ratings has assigned the following **Ratings¹** for Bank Credit facility, amounting to Rs.40.70 Crores by Maa Bhagwati Coke (Gujarat) Pvt. Ltd. (**MBCPL or the 'Company'**):-

Facility	Existing (₹ Cr)	Proposed (₹ Cr)	Tenure	Rating
Fund Based				BWR BB
Cash Credit	17.00	30.00	Long Term	(Pronounced as BWR Double B)
FITL	0.70	0.70		(Outlook: Stable)
Non-Fund Based				BWR A4
Letter of Credit	3.00	10.00	Short Term	(Pronounced as BWR A Four)
Total	20.70	40.70	INR Forty Crores and Seventy Lakhs only	

BWR has principally relied upon the audited financial results of FY13 – FY15, projected financial results of FY16 – FY18 and publicly available information and information/clarification provided by the company's management.

The rating has factored, *inter alia*, experienced management of over two decades in coal and related industry; established customer base with good credibility track record of top customers. BWR also factored the Moderate financial risk profile.

The Rating is however constrained by its low profitability owing partly to the nature of 50% of trading business in it; moderately weak debt protection metrics on account of low profitability. The rating is also constrained due to intense competition in the vicinity from large number of unorganized player as well.

Background:

Maa Bhagwati Coke (Gujarat) Pvt. Ltd. was incorporated in 2000 by Mr. Sanjeev Kumar Agarwalla, located at Ahmedabad, and has its manufacturing facility at Bhavnagar district of Gujarat.

It is engaged into manufacturing and trading of Metallurgical Coke, Low Ash Metallurgical Coke (LAM Coke), Metallurgical Coal with an average monthly production capacity of 8000 MT and annual production capacity of 1, 00,000 MT.

The company procures its raw materials such as hard coking coal, which is imported from Australia, China, Indonesia through traders based in Bhavnagar, Gujarat and also procured locally.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Since inception, it caters to various industries like Steel Plants, Foundries, Chemical plants and Soda Ash Units in India.

Management Profile:

MBCPL was promoted by Mr. Sanjeev Kumar Agarwalla held as a Director of the company with 79% shareholding of the company.

Mr. Sanjeev Kumar Agarwalla is the Director of the company, graduate by qualification, having an experience of more than two decades in the manufacturing of coal & coke industry.

The other Directors of the company are the prime members of the company who are experienced professionals in the field of manufacturing and management.

Financial Performance:

The company has achieved Rs. 98.49 Cr of net revenue in FY 15 with a net profit of Rs. 0.47 Cr, as against Rs. 88.82 Cr of net revenue and net income of Rs. 0.62 Cr in FY14. The company has profitability arising out of its core operations of 5.62% and a net profit margin of 0.47%, driven by 50% of its business activity is into trading of the same.

The tangible net worth of the firm stood at Rs. 10.71 Cr as on 31st March 2015. The gearing ratio, defined as Total Debt: Tangible Net worth is 2.30 times. However, considering the USL from promoter's group, the adjusted gearing improves and reflected as moderate.

The debt protection metrics of the company is modest, on account of low profitability; however, it serves its debt obligations within the stipulated time.

It has an elongated cash conversion cycle in FY15.

As informed by the management, it has achieved Rs. 73.52 Cr of revenue in its H1FY16, on a provisional basis.

Rating Outlook:

The rating outlook is expected to be stable over the current year.

Going forward, maintaining the consistency in the growth of the revenue from operations with an improvement in the profitability along with the debt coverage position and the liquidity position, would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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.