Press Release

Brickwork Ratings assigns 'BWR BB' & 'BWR A4' for the Bank Credit Facilities aggregating ₹ 29.32 Cr of Shree B.D. Ispat & Alloys

Brickwork Ratings (BWR) has assigned the following **Ratings**[1] for the Bank Loan Facilities of Ispat & Alloys Private Ltd *(SIAPL or the 'Company')* sanctioned by State Bank of India.

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based: CC Term Loan Standby Line of Credit	**11.00** **12.07** **2.25**	Long Term	**BWR BB** (BWR Double B) **(Outlook: Stable)**
Non-Fund Based: LC BG@	**4.00** **(1.25)**	Short Term	**BWR A4** (BWR A Four)
Total	**29.32**	**(INR Twenty Nine Crores & Thirty Two Lakhs only)**	

@Interchangeability between LC & BG to the tune of ₹1.25 Cr

BWR has essentially relied upon the audited financial results of *Shree B.D. Ispat & Alloys Private Ltd.'s* up to FY13, provisional financials of FY14 and 15 and information and clarifications provided by the Company.

The ratings assigned to the bank facilities of *Shree B.D. Ispat & Alloys Private Ltd* (SIAPL) factors primarily the experience of the promoters, customer relationship, and strategic location of the unit. However, the rating is constrained by modest scale of operations, low capacity utilization, volatility in raw material prices, gearing level driven by dependency on bank borrowings and low profitability margin.

Background

Shree B.D. Ispat & Alloys Private Ltd (SIAPL) was incorporated in 2004 as a private limited company to set up a Rolling Mill to manufacture TMT Bars and MS Ingots at Belumilki, Serampore Hooghly West Bengal. The Company has an installed capacity to manufacture 36,000 metric tonnes per annum (MTPA) TMT Bars and 30,000 MTPA MS Ingots respectively. Presently the Company is utilizing 65% of capacity for TMT Bars and 70% for Ingots. (April'13 to till date).

MS ingots are used in Rolling Mills for producing MS Rods, MS Rounds, MS Channels, MS Angles, MS Flats, and MS Bars etc.

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

Management

Shree B D Ispat & Alloys P Ltd. (SIAPL) is a closely held Pvt. Ltd Company and a sister concern of BIRM (British India Rolling Mills) Group led by Agarwal family in Hooghly, West Bengal. The Promoters are actively engaged in Steel & Iron Industries and also operating two other units in the same line of business. At present, Mr. Ram Pratap Agarwal, (64), is the Managing Director. He has about four decades of experience in the same line of activities. Mr Ravi Agarwal (44) (Director) is engaged in day-to-day affairs of the business and has more than a decade of experience.

Financial Performance

The Company has recorded revenue of ₹68.92 Crores in FY13 as against the projections of ₹ 100 Crores and the turnover for 03 months for FY'12 was ₹17.58 Crs with a PAT level of ₹0.42 Crs. Low capacity utilization and higher depreciation coupled with interest & finance costs during FY'13 affected the PAT to as low as ₹0.18 Crs in FY'13 (from ₹0.42 crs in FY12). However for FY'14 Co is expecting to utilize full capacity.

SIAPL's inventory levels around 41days and Days Receivables of 85 Days are at comfortable levels. The bank facilities were almost fully utilized. The overall gearing ratio (TOL/TNW) was at 2.58 times. The Debt and interest servicing matrices for SIAPL are moderate. DSCR ratio was at 0.83 times in FY 2012 and improved at 1.14 times in FY 2013. It has occurred due to the company's undergoing capacity expansions. However, Interest Service Coverage shows 1.81 times during FY 2013 against3.04 times in FY 2012.

Rating Outlook

The Company's performance over the next year is expected to be steady and stable.
Ability to improve profitability margin, gearing level, timely order execution by combating the pressure of cyclicality and volatility in raw material & finished goods prices shall be the key rating sensitivities.

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