

Besco Limited
August 25, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	11.73	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Short Term Bank Facilities	2.77	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	14.50 (Rs. Fourteen Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated June 12, 2020, placed the rating(s) of Besco Limited (BL) under the 'issuer non-cooperating' category as BL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. BL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated April 28, 2021, May 08, 2021, May 18, 2021.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of BL have been revised on account of non-availability of requisite information.

Detailed description of the key rating drivers

Please refer to PR dated [June 12, 2020](#)

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Criteria on assigning outlook and credit watch](#)

About the Company

Incorporated on December 13, 1928, as The Hukumchand Electric Steel Company Ltd., the name of the company was changed to Bhartia Electric Steel Company Ltd. in 1941 and finally to BESCO Ltd. in 1993. BESCO Ltd. is a railway equipment manufacturer, catering to the requirements of the Indian Railways (IR). It is one of the oldest wagon manufacturers with a captive foundry division in India. After a family settlement in December 2004, followed by a Company Law Board (CLB) order in April, 2006, the foundry division came into the faction of Mr. A.K. Tania (AKT group) and wagon division went to the faction of his elder brother Mr. O.P Tania (OPT group). However only physical demerger of the divisions were completed as per the certificate dtd June 10, 2006 submitted by the Special Officer (appointed by CLB) to the Chairman of CLB. Accordingly both the companies - BESCO Ltd. (Foundry division; belonging to AKT Group) and BESCO Ltd. (Wagon division; belonging to OPT group) are operating separately. Since the physical demerger, AKT group has been operating BESCO Ltd. (Foundry Division), which is engaged in manufacturing of steel casting products (bogies, couplers, draft gears, crossings, side buffers and coil springs) with a plant capacity of 14,000 MTPA in Baraipur, Kolkata. The division also has a unit in Faridabad where steel to rubber bonded components are manufactured.

Brief Financials (Rs. crore)	FY17(A)	FY18(A)
Total operating income	48.29	11.02
PBILDT	1.82	-1.71
PAT	0.44	-6.71
Overall gearing (times)	0.38	0.60
Interest coverage (times)	1.07	NM

A: Audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Complexity level of various instruments rated for this Company: Annexure 3

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	11.73	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	2.77	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	11.73	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable; ISSUER NOT COOPERATING* (12-Jun-20)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (26-Mar-19) 2)CARE BB-; Stable (18-May-18) 3)CARE BB-; Stable (06-Apr-18)
2.	Non-fund-based - ST-Bank Guarantees	ST	2.77	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (12-Jun-20)	-	1)CARE A4; ISSUER NOT COOPERATING* (26-Mar-19) 2)CARE A4 (18-May-18) 3)CARE A4 (06-Apr-18)

*Issuer did not cooperate; Based on best available information

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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