

December 15, 2015

CARE ASSIGNS 'CARE BBB+/ CARE A2' RATINGS TO THE BANK FACILITIES OF BMW INDUSTRIES LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long- term Bank Facilities	486.8	CARE BBB+ (Triple B Plus)	Assigned
Short term Bank Facilities	63.2	CARE A2 (A Two)	Assigned
Total Facilities	550.0 (Rupees Five Hundred and Fifty crore only)		

Rating Rationale

The ratings assigned to the bank facilities of BMW Industries Limited (BMW) derives strength from the long and satisfactory track record of promoters with regular fund support, long standing relationship with TATA Steel Ltd (TSL, rated CARE AA+) with assured off-take agreement for new plant, diversified product portfolio, raw material procurement contract as well as, comfortable financial performance and gearing levels. The ratings are, however, constrained by customer concentration risk, high working capital intensive nature of operations and fragmented nature of the steel industry.

The ability of the company to continue the agreement for conversion business from TSL, to sustain the performance in view of the cyclical steel industry and to manage the working capital effectively are the key rating sensitivities.

Background

BMW, incorporated in October 1981 as Bansal Mechanical Works Pvt Ltd, is promoted by Mr. Ram Gopal Bansal of Kolkata. The company is primarily into manufacturing of both long and flat steel products. There are five manufacturing facilities, two in West Bengal and the balance three in Jamshedpur. The company has established strong relationship with TATA Steel Ltd by virtue of setting up plants to cater to the various steel related services required by TSL. It is converting HR coil to galvanized coil, billets to TMT bars and also provides services like slitting, shearing, levelling, pickling and scrap handling. The company is also engaged in manufacturing of transmission towers (for power and telecom sectors) and structurals (like angles, channels, beams, rounds).

In 2014, the company had set up a Continuous Galvanising Line (CGL, installed capacity of 2,00,000 MTPA) in Jamshedpur, for converting the HR coil to galvanized coils. The facility is set up under a tripartite agreement among TSL, BMW and Nippon Cryo Pvt Ltd dated June 29, 2015, for a period of December 2014 to March 2019. Other companies belonging to the BMW group are BMW Iron & Steel Industries Ltd (rated CARE BB+) and SAIL Bansal Service Centre Ltd having presence in iron and steel industry. The board consists of five members, comprising of three promoters namely Mr. Ram Gopal Bansal (Chairman), Mr. Harsh Bansal (MD) & Mr. Vivek Bansal (MD), and two independent directors.

During FY15, BMW earned a PAT of Rs.32.3 crore (Rs.21.7 crore in FY14) on a total operating income of Rs.663.68 crore (Rs. 551.62 crore in FY14). As per the provisional results for H1FY16, the company has earned a PAT of Rs.23.62 crore on a total operating income of Rs.342.91 crore.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Analyst Contact

Name: Richa Bagaria

Tel: 033-4018 1653

Cell: + 91 99034 70650

Email: richa.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Sanjay Kumar Agarwal**

Mobile: + 91 8108007676

E-mail: sanjay.agarwal@careratings.com

Mr. Amod Khanorkar

Mobile: + 91 9819084000

E-mail: amod.khanorkar@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD**Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

COIMBATORE**Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 9820998779

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Rakesh Jayaraman**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 76655 96136

Tel: +91-141-402 0213 / 14

E-mail: rakesh.jayaraman@careratings.com

KOLKATA**Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691