

## BS Limited

March 28, 2017

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	669.18	<b>CARE B; ISSUER NOT COOPERATING</b> (Single B; ISSUER NOT COOPERATING)	ISSUER NOT COOPERATING; Revised from CARE BBB+ (Triple B Plus) on the basis of best available information
Short term Bank Facilities	404.37	<b>CARE A4; ISSUER NOT COOPERATING</b> (A Four; ISSUER NOT COOPERATING)	ISSUER NOT COOPERATING; Revised from CARE A2 (A Two) on the basis of best available information
Long-term/Short-term Bank Facilities	746.58	<b>CARE B/CARE A4; ISSUER NOT COOPERATING</b> (Single B/A Four; ISSUER NOT COOPERATING)	ISSUER NOT COOPERATING; Revised from CARE BBB+/CARE A2 (Triple B Plus/A Two) on the basis of best available information
<b>Total</b>	<b>1820.13</b> (Rs. One thousand Eight hundred Twenty crore and Thirteen lakh only)		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from BS Limited to monitor the ratings vide e-mail communications/letters dated June 20, 2016, July 14, 2016, July 19, 2016, August 30, 2016, September 28, 2016 and numerous phone calls. However, despite repeated requests, the company has not provided CARE with the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on BS Limited's bank facilities will now be denoted as **CARE B/CARE A4; ISSUER NOT COOPERATING**.

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

The ratings have been revised on account of subdued financial performance in 9MFY17 and stretched liquidity position of the company.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**Subdued financial performance in 9MFY17:** The financial performance deteriorated significantly during 9MFY17 and the company reported decline in the total income to Rs.658.91 crore as compared to Rs.1,761.09 crore in 9MFY16. The company has also reported operational and net loss of Rs.19.49 crore and Rs.205.59 crore respectively in 9MFY17 (vis-à-vis PBILDT of Rs.239.54 crore and PAT of Rs.43.95 crore in 9MFY16). Considering the financial performance for 9MFY17, the company's performance is likely to be significantly lower than envisaged performance for FY17.

**Stretched liquidity position:** The company have been facing stretched liquidity position leading to instances of overdrewals with respect to the cash credit account and instances of LC devolvement as confirmed by lenders.

#### Key Rating Strengths

**Vast experience of the promoters in the tower manufacturing segment:** The promoters of BSL have long-standing experience of nearly two decades in the steel manufacturing industry. The Managing Director, Mr Rajesh Agrawal has been in steel-related business since 1989. Under his leadership, Mr Agarwal has transformed the company from a tower manufacturing company to an integrated service provider to the transmission and distribution sector.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

**Transition from a trading entity to a turnkey services provider with an integrated business model:** BSL has evolved from a steel trading business to providing turnkey solutions in the telecom and power transmission segments. The company has extended its capabilities from tower supply to tower assembly, erection, civil & electrical works and project management.

**Diversification into coal trading:** During FY12, BSL has ventured into coal trading to capitalise on the increasing demand for coal in the country. BSL has setup BS Global Resources Pte Ltd (BSGR), a 100% subsidiary in Singapore, with a total investment of Rs. 26.55 crores as on March 31, 2015. BSGR is promoted to carry out coal trading in the Asian and African regions.

**Analytical approach:**

Standalone

**Applicable Criteria**

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

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Manufacturing Companies](#)

[Financial Ratios - Non-Financial Sector](#)

**About the Company**

BSL was incorporated in January 2004, as a private limited company under the name of BS Steels and Minerals Private Limited. The company is engaged in the manufacturing and supply of towers to the power and telecom sectors. However, since FY14, the company has reduced its dependence on the telecom sector with negligible revenue from the said segment as on March 31, 2015. Also, the company is an EPC and turnkey service provider to the power transmission sector. As an EPC service provider to the power transmission sector, the company executes power transmission and sub-station projects on turnkey basis which includes supply of materials, installation, erection, testing and commissioning. The manufacturing facility of the company is located at Medak, Andhra Pradesh. The company increased tower fabrication and galvanising capacity from 120,000 Metric Ton Per Annum (MTPA) to 240,000 MTPA during FY12. The same was followed by expansion of its rolling capacity from 90,000 MTPA to 120,000 MTPA during FY13.

**Status of non-cooperation with previous CRA:**

Not Applicable

**Any other information:**

Not Applicable

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

**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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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/outlooks 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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

**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	-	-	-	390.00	CARE B; ISSUER NOT COOPERATING
Fund-based - LT-Term Loan	-	-	May 2019	279.18	CARE B; ISSUER NOT COOPERATING
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	746.58	CARE B / CARE A4; ISSUER NOT COOPERATING
Non-fund-based - ST-Letter of credit	-	-	-	404.37	CARE A4; ISSUER NOT COOPERATING

**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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Cash Credit	LT	390.00	CARE B; ISSUER NOT COOPERATING	-	1)CARE BBB+ (16-Sep-15) 2)CARE BBB+ (25-Aug-15)	1)CARE BBB (21-Aug-14)	1)CARE BBB (01-Jul-13)
2.	Fund-based - LT-Term Loan	LT	279.18	CARE B; ISSUER NOT COOPERATING	-	1)CARE BBB+ (16-Sep-15) 2)CARE BBB+ (25-Aug-15)	1)CARE BBB (21-Aug-14)	1)CARE BBB (01-Jul-13)
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	746.58	CARE B / CARE A4; ISSUER NOT COOPERATING	-	1)CARE BBB+ / CARE A2 (16-Sep-15) 2)CARE BBB+ / CARE A2 (25-Aug-15)	1)CARE BBB / CARE A3+ (21-Aug-14)	1)CARE BBB / CARE A3+ (01-Jul-13)
4.	Non-fund-based - ST-Letter of credit	ST	404.37	CARE A4; ISSUER NOT COOPERATING	-	1)CARE A2 (16-Sep-15) 2)CARE A2 (25-Aug-15)	1)CARE A3+ (21-Aug-14)	1)CARE A3+ (01-Jul-13)

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