

Bhagat Jee Steels Private Limited

March 15, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-Term Bank Facilities	16.15	CARE D (Single D)	CARE B; Stable; Issuer Not Cooperating* (Single B; Outlook: Stable; Issuer Not Cooperating*)
Short Term Bank Facilities	0.57	CARE D (Single D)	CARE A4; Issuer Not Cooperating* (A Four; Issuer Not Cooperating*)
Total facilities	16.72 (Rupees Sixteen crore and Seventy Two only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of **Bhagatjee Steels Private Limited (BSPL)** are primarily constrained by its delay in debt servicing. However, there was no delay/default in the facilities rated by CARE.

Going forward, the ability of the company to serve its debt obligation on timely manner will remain the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in debt servicing: There is on-going delay in term loan instalments and interest servicing of the company owing to its stressed liquidity position owing to inadequate cash accruals from operations.

Liquidity position: The liquidity position of the company was stressed owing to inadequate cash accruals from operations. The current ratio was low at 0.52x as on March 31, 2018. Moreover, the company has cash and cash equivalent of Rs.1.75 crore as on March 31, 2018. The average fund based limit utilisation was almost full during last 12 month ended on February 28, 2019.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Sector specific methodologies-Steel](#)

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

About the Company

Bhagatjee Steels Private Limited (BSPL) was incorporated on June 14, 2000, promoted by Mr. Rakesh Kumar Agarwal and his family members. Since its inception, BSPL has been engaged in manufacturing of MS ingots, angles, flats, channels, rounds, squares etc. The manufacturing facility of the company is located at industrial area, Durgapur, West Bengal with an installed capacity of 24000metric tonnes per annum (MTPA) for structural steels and 50000 MTPA for MS ingots.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	26.46	31.31
PBILDT	2.11	1.18
PAT	-1.59	-2.13
Overall gearing (times)	-27.59	-7.26
Interest coverage (times)	0.73	0.45

A: Audited

Status of non-cooperation with previous CRA: CRISIL has suspended its ratings to the bank facilities of BSPL due to non-cooperation by the company vide its press release dated November 22, 2016

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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

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.

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/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	-	-	-	16.15	CARE D
Non-fund-based - ST-Letter of credit	-	-	-	0.57	CARE D

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Cash Credit	LT	16.15	CARE D	1)CARE B; Stable; ISSUER NOT COOPERATING* (11-Dec-18)	1)CARE B; Stable (08-Nov-17)	-	-
2.	Non-fund-based - ST-Letter of credit	ST	0.57	CARE D	1)CARE A4; ISSUER NOT COOPERATING* (11-Dec-18)	1)CARE A4 (08-Nov-17)	-	-

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