

July 22, 2010

CARE ASSIGNS 'CARE BBB+' AND 'PR3+' RATING TO THE BANK FACILITIES OF BENGAL TOOLS LTD.

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long term bank facilities	39.0	'CARE BBB+' (Triple B Plus)	Assigned
Long term / Short term bank facilities	41.0	'CARE BBB+'/PR3+ (Triple B Plus/PR Three Plus)	Assigned
Total	80.0		

Rating Rationale

The above ratings draw strength from the experience and long track record of the promoter, good & diversified client base, satisfactory order book position and comfortable financial position of the company. The ratings are however, constrained by the relatively small size of the company, risk volatility in prices of inputs, large dependence on government subsidies for power tiller sales, foreign exchange fluctuation risk and intense competition from large players. Ability of the company to maintain healthy order book position and scaling up of its operation & increase profitability on a sustained basis would remain the key rating sensitivities.

Company profile

BTL, promoted by the Shrachi group of Kolkata, is engaged in manufacturing of engineering items, execution of turnkey projects and assembling of power tillers. The main promoter of Shrachi group is Shri S.K. Todi. The group has interests mainly in field of leasing & hire purchase financing of vehicles, manufacturing of engineering equipment and real estate.

In FY09, BTL earned PBILDT of Rs.9.9 crore (P.Y. Rs.11.8 crore) and PAT (after defd. tax) of Rs.5.8 crore (P.Y. Rs.7.3 crore) on a total income of Rs.122.0 crore (P.Y. – Rs.128.2 crore). Interest coverage ratio and gearing ratios were comfortable as on Mar.31, 2009.

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CARE 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.

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

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