



September 17, 2010

ICRA assigns LBBB-/A3 ratings to bank facilities of Phoolchand Bhagatsingh

ICRA has assigned LBBB- (pronounced L triple B minus) rating to the long term fund based facilities of Rs. 25.00 Crore¹ of Phoolchand Bhagatsingh (PB) [†]. The outlook on the long term rating assigned is stable. ICRA has also assigned A3 (pronounced A three) rating to the Rs.14.00 Crores short fund based & non-fund based facilities of PB.

The assigned rating factors in the experience of the promoters in the metal trading business, diversified customer base from whom the company has been able to secure repeat business and currently comfortable financial profile. The rating is, however, constrained by PB's modest profitability as a result of low value addition in business and competition faced from unorganised as well as well established players in the industry. The rating also factors in exposure of its margins to fluctuations in ferro alloy metal prices, owing to its commoditized nature, and foreign exchange fluctuations.

About the Company

Phoolchand Bhagatsingh (PB) is a partnership firm managed by its partners Bhagatsingh Khandelwal, Sanjiv Khandelwal & Rajiv Khandelwal. The firm is engaged in the business of trading of ferro alloys, non ferrous metals & minor metals.

The firm has its registered office in Mumbai and branches at Chennai, Haryana, Punjab, Ahemdabad; in addition to a godown in Bhiwandi, Thane. PB sources metals both from domestic and international markets and sells the same in domestic market.

PB recorded a net profit of Rs.2.93 Crores on an operating income of Rs. 142.63 Crores for the year ending March 31, 2009.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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