

July 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	9.00	SMERA BB-/Stable(Assigned)
Working Capital Term Loan	2.00	SMERA BB-/Stable (Assigned)
Letter of Credit	4.00	SMERA A4 (Assigned)
Bank Guarantee	7.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.11.00 crore fund based bank facilities and **SMERA A4** (read as **SMERA A four**) to the Rs.11.00 crore non-fund based bank facilities of B. N. Sons (BNS). The outlook is '**Stable**'. The ratings draw comfort from the firm's established operations and experienced management. However, the ratings are constrained by the firm's small-scale of operations in an intensely competitive segment of the cable industry and the weak debt protection metrics.

BNS, established in 1985, is a partnership firm engaged in the manufacture of power and signalling cables. The firm benefits from its experienced management. The partners of the firm have around a decades experience in the cable manufacturing industry.

The firm has modest scale of operations marked by operating income of Rs.51.00 crore in FY2013-14 (refers to financial year, April 01 to March 31). Besides, BNS faces intense competition from several players in the cable manufacturing industry. The firm's weak debt protection metrics are reflected in the high leverage (debt-equity ratio) of 2.98 times as on March 31, 2014 and moderate interest coverage ratio of 1.22 times in FY2013-14.

Outlook: Stable

SMERA believes BNS will maintain its moderate business risk profile in the medium term on the back of established operations and long standing experience of the partners in the business. The outlook may be revised to 'Positive' in case of improvement in profitability and net worth. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in profitability and net worth.

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**About the Firm**

BNS, established in 1985, is a Jaipur-based firm promoted by Mr. Madan Mohan Somani and Mr. Mayank Somani. The firm is engaged in the manufacture of power and signalling cables.

For FY2013-14, BNS reported profit after tax (PAT) of Rs.0.07 crore on operating income of Rs.51.00 crore, as compared with PAT of Rs.0.09 crore on operating income of Rs.40.55 crore in FY2012-13. The firm's net worth stood at Rs.5.10 crore as on March 31, 2014, as compared with Rs.5.87 crore a year earlier.

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