

October 19, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	10.55	SMERA B-/Stable (Assigned)
Cash Credit	11.50	SMERA B-/Stable (Assigned)
Bank Guarantee	5.00	SMERA A4 (Assigned)
Forward contract	0.05	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the above mentioned bank facilities of Bhanu Farms Limited (BFL). The outlook is '**Stable**'. The ratings are constrained by the company's below average financial profile marked by moderate gearing and weak debt protection measures. The ratings are also constrained by the negative profit margin, limited track record of operation and working capital intensive nature of business. However, the ratings draw support from the experienced management, moderate scale of operations and reputed clientele.

### **Outlook: Stable**

SMERA believes BFL will continue to benefit from its experienced management. The outlook will be revised to 'Positive' if the company is able to increase the scale of operations and improve profitability. Conversely, the outlook will be revised to 'Negative' in case of decline in the scale of operations resulting in decline in margins and stretched liquidity.

### **Rating Sensitivity Factors**

- Scaling up of operations
- Improvement in profitability
- Extent of capex plans and its funding pattern

### **About the Company**

BFL, established in 2010 is a Kolkata-based company engaged in the processing of frozen fruits and vegetables. The company has its processing and cold storage facilities at Jabalpur, Madhya Pradesh. The overall operations are managed by the Directors, Mr. Anant Bangur and Gokul Chand Biyani.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smerra.in](http://www.smerra.in)) for the latest information on any instrument rated by SMERA.

For FY2014–15, BFL reported profit after tax (PAT) of Rs. (5.42) crore on total operating income of Rs.20.54 crore, as compared with PAT of Rs. (4.72) crore on total operating income of Rs.7.62 crore in FY2013–14.

### Contact List

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Pooja Ghosh Associate Vice President – Operations Tel: +91-33-6620 1203 Email: <a href="mailto:pooja.ghosh@smera.in">pooja.ghosh@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.