

**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.

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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.

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