

Sree Bhuvaneswari & Co: Assigned

Facility	Amount (Rs Crore)	Rating/Outlook
Cash Credit	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA B Plus**) to the Rs.10.00 crore bank facility of Sree Bhuvaneswari & Co (SBC). The outlook is '**Stable**'.

The rating derives comfort from the extensive experience of the promoters in the trading business, healthy revenue growth and moderate financial risk profile marked by comfortable interest coverage ratio and debt service coverage ratio. However, the rating is constrained by the working capital intensive operations, exposure to volatility in raw material prices and intense competition in the food products trading business.

SBC is a Chennai-based proprietorship firm established in 1975. The firm benefits from its experienced management. The proprietor, Mr. A. Dasaradaiah, possesses over four decades of experience in the trading of pulses. The firm faces intense competition from players in the agro products industry.

For the rating process, SMERA has consolidated the business and financial risk profiles of Sree Balasubramaniam & Co., Sree Bhuvaneswari & Co., and G. R. Krishnaiah Shetty. This is due to the common management, business and operational synergies.

Rating Sensitivity Factors

- Improving profit margins while maintaining revenue growth
- Efficient working capital management
- Exposure of profit margins to raw material price fluctuations

Outlook-Stable

SMERA believes that the firm will maintain a stable outlook and benefit over the medium term from the promoters' extensive experience in trading of pulses. The outlook may be revised to 'Positive', if the firm achieves improvement in profitability margins along with effective working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and profit margins. The outlook may also be affected by major deterioration in the financial risk profile.

Criteria applied to arrive at the rating:

- Trading Entities

About the Firm

SBC is a proprietorship firm established in 1975 by Mr. A. Dasaradaiah (HUF). The firm trades in pulses and dals including Black gram, urad dal, and yellow dal among others. Mr. A. Dasaradaiah, the proprietor, possesses more than four decades of experience in the same line of business.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.43 crore on operating income of Rs.65.37 crore, as compared with PAT of Rs.0.35 crore on operating income of Rs.29.00 crore in FY2013-14.

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ABOUT SMERA

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