

Brahans Polymers Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Cash Credit	3.50	SMERA B-/Stable (Assigned)
Packing Credit	2.00	SMERA A4 (Assigned)
Bill Purchase/Discounting	0.05	SMERA A4 (Assigned)
Foreign Discounting Bill Purchase	0.30	SMERA A4 (Assigned)
Bank Guarantee	0.65	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA B**' (**read as SMERA B minus**) and '**SMERA A4**' (**read as SMERA A four**) to the Rs.6.50 crore bank facilities of Brahans Polymers Private Limited (BPPL). The outlook is '**Stable**'.

The ratings are constrained by the small scale of operations, intense competition and working capital intensive business. The ratings are further constrained by the susceptibility of profit margins to volatility in raw material prices and the below average financial risk profile. However, the ratings derive comfort from the qualified and experienced management and long track record of operations.

BPPL is engaged in the manufacture of rubber products. The company generated revenues of Rs.9.98 crore in FY2015-16 as compared to Rs.8.15 crore in FY2014-15. The company operates in a highly fragmented and competitive industry with limited entry barriers. The working capital cycle was ~135 days in FY2015-16 with average bank limit utilisation at around 98 per cent. The company is susceptible to fluctuations in rubber prices since it constitutes around 60 per cent of the cost of sales. BPPL has a negative net worth as on March 31, 2015. The Interest coverage ratio (ICR) stood at 1.54 times for FY2015-16 as compared to 1.44 times for FY2014-15.

However, the company was incorporated in 1998 by Mr.Tilakraj Balakrishna Hedge, Mr.K.S. Bhandary, Mr.L.S. Bhandary and Ms. Samran S Bhandary. The directors have over three decades of experience in the rubber industry.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Efficient working capital management

Outlook-Stable

SMERA believes that the outlook on BPPL's rated facilities will remain stable over the medium term on account of the company's experienced management. The outlook may be revised to 'Positive' in case of significant improvement in profitability, accruals and working capital management. Conversely, the outlook may be revised to 'Negative' in case of significant decline in profitability.

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

BPPL was incorporated in 1998 by Mr.Tilakraj Balakrishna, Mr. Hedge, Mr. K.S. Bhandary and others. The company is engaged in the manufacture of rubber products (moulded or extruded) and compounds.

For FY2015-16, BPPL registered profit after tax (PAT) of Rs.0.25 crore on operating income of Rs.9.98 crore as against profit after tax of Rs.0.14 crore on operating income of Rs. 8.15 crore in FY2014-15.

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ABOUT SMERA

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