

Press Release
Brahans Polymers Private Limited

August 27, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs.9.00 Cr.
Long Term Rating	ACUITE B (Withdrawn)
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has reviewed and withdrawn the long term rating of '**ACUITE B**' (read as **ACUITE B**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs 9.00 crore bank facilities of Brahans Polymers Private Limited (BPPL).

The withdrawal is on account of client's request and receipt of NOC from the banker. The withdrawal is in accordance with Acuite's policy on withdrawal.

Brahans Polymers Private Limited is a Maharashtra-based company incorporated in 1998 by Mr. K.S. Bhandary, Mr. Tilakraj Balakrishna, Mrs. Divya Hedge, and others. The company is engaged in the manufacturing of rubber products (moulded and extruded) and compounds used in the marine, automotive and material handling industries.

Analytical Approach

Acuite has taken the standalone view of the business and financial risk profile of BPPL to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced management and established track record of operations**

The company have an operational track record of over two decades in the rubber products industry. The promoters of the company have an experience of over two decades in the same line of business. Hence, long track records of operations and vast experience of management have helped the company to develop a healthy relationship with its customers and suppliers, ensuring repeat orders. Acuite believes that BPPL will sustain its existing business profile on the back of an established track record of operations and experienced management.

- Geographical diversification**

The company exports its products to USA, Canada and the Middle East. Its clientele includes Grainger, Gabriel India, L & T (Larsen & Toubro) and HCC (Hindustan Construction Company) among others. Besides, the company also caters to various ports such as Mumbai Port, Chennai Port, Calcutta Port, etc. Acuite believes that long relationship with their key customers has helped them to secure repeat orders.

Weakness

- Working capital intensive nature of operations**

The working capital operations of the company are intensive marked by GCA (Gross Current Assets) Days of 408 days in FY 2020 (Provisional) similar to 360 days in the previous year. The GCA days are mainly dominated by inventory days. The inventory days stood high at 225 days in FY 2020 (Provisional) in line with 175 days in the previous year. The debtor days also stood high at 135 days in FY 2020 (Provisional) in line with 102 days in the previous year. Acuite believes that the company's ability to maintain its working capital efficiently will remain

a key to maintain stable credit profile.

- **Modest scale of operations and moderate profitability**

BPPL has modest scale of operations marked by operating income of Rs. 13.84 crore in FY 2020 (Provisional) as against Rs. 16.24 crore in FY2019. The decline in revenue is due to a delay in the billing process in the last week of the financial year due to nationwide lockdown. The operating margins stood modest at 15.59 percent in FY 2020 (Provisional) as against 13.29 percent in FY 2019. The PAT margins stood at 1.86 percent in FY 2020 (Provisional) as against 1.11 percent in FY2019.

Rating Sensitivity

- Improvement in their growth in scale of operations while maintaining profitability margin
- Improvement in working capital management

Material Covenant

None

Liquidity Profile: Adequate

The company's liquidity is adequate, marked by the net cash accruals stood at Rs.0.98 Cr on March 31, 2020 (provisional) as against repayment of Rs.0.03 Cr. The current ratio stood strong at 1.99 times as on March 31, 2020 (provisional) as compared to 2.09 times as on March 31, 2019. The company has neither availed loan moratorium nor any additional COVID loan. However, the working capital operations of the company are intensive marked by GCA (Gross Current Assets) Days of 408 days in FY 2020 (Provisional) similar to 360 days in the previous year. Acuite believes that the liquidity of the company is likely to remain adequate over the medium term.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	13.84	16.24
PAT	Rs. Cr.	0.26	0.18
PAT Margin	(%)	1.86	1.11
Total Debt/Tangible Net Worth	Times	0.82	0.92
PBDIT/Interest	Times	1.87	1.81

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
	Cash Credit	Long Term	4.00	ACUITE B/Stable

15-Nov-2019				(Reaffirmed)
	Packing Credit	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	3.50	ACUITE A4 (Reaffirmed)
19-Dec-2018	Cash Credit	Long Term	3.50	ACUITE B/ Stable (Reaffirmed)
	PC/PCFC	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Letter of Credit/ Bank Guarantee	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	0.05	ACUITE A4 (Withdrawn)
	FBN/FBP/FBD/PSFC /FBE	Short Term	0.30	ACUITE A4 (Withdrawn)
05-Oct-2017	Cash Credit	Long Term	3.50	ACUITE B / Stable (Upgraded from ACUITE B- /Stable)
	Packing credit	Short Term	2.00	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	0.05	ACUITE A4 (Reaffirmed)
	Bills Discounting	Short Term	0.30	ACUITE A4 (Reaffirmed)
	Bank Guarantee	Short Term	0.65	ACUITE A4 (Reaffirmed)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE B (Withdrawn)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE A4 (Withdrawn)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research

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