

February 12, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	5.81	SMERA B-/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA B-**' (**read as SMERA single B minus**) on the abovementioned bank facility of Brahamdutt & Sons (BDS). The outlook is '**Stable**'. The rating remains constrained by the firm's small-scale operations and weak financial risk profile. The rating is also constrained by the susceptibility of the firm's profit margins to volatility in commodity prices. The rating notes that the firm is exposed to intense competition in the commodities trading business. However, the rating is supported by the firm's experienced management.

### Update

BDS reported total income of Rs.34.17 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm's net worth is low at Rs.2.30 crore as on March 31, 2013. BDS's overall leverage (excluding interest-free loans from relatives) is high at 1.96 times as on March 31, 2014. The firm's inventory holding stood at 39 days as on March 31, 2014. BDS's profit margins are susceptible to volatility in commodity prices. The firm faces intense competition from several players in the agricultural commodities market.

### Outlook: Stable

SMERA believes BDS will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registers strong growth in scale of operations while maintaining its profitability and working capital requirements. The outlook may be revised to 'Negative' in case of decline in the firm's net cash accruals, or in case of deterioration in the firm's working capital requirements.

### About the firm

BDS, established in 1988, is a proprietorship concern promoted by Mrs. Meenu Arya. BDS is engaged in wholesale trading of various agricultural commodities such as rice, wheat, sugar and edible oils. BDS has two warehouses in Hapur, Uttar Pradesh.

For FY2013-14, BDS reported profit after tax (PAT) of Rs.0.11 crore on revenues of Rs.37.36 crore.

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