

Brahamdutt & Sons (BDS): Upgraded

Name of the Instrument	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	5.81	SMERA B/Stable (Upgraded from SMERA B-/Stable)

SMERA has upgraded the long term rating of the Rs.5.81 crore bank facility of Brahamdutt & Sons (BDS) to **'SMERA B' (read as SMERA B)** from SMERA B-/Stable (read as SMERA B minus). The Outlook is **'Stable'**.

The upgrade reflects improvement in revenue and working capital cycle. The rating continues to be supported by the firm's long track record of operations and experienced management. However, the rating remains constrained by the moderate scale of operations and intensely competitive segment of the agricultural commodities industry.

Update

BDS reported total income of Rs.47.55 crore in FY2014-15 (refers to financial year, April 01 to March 31) as compared to Rs.37.36 crore in FY2013-14. The firm's net worth has been low at Rs.2.38 crore as on March 31, 2015. The overall leverage (excluding interest-free loans from relatives) has been high at 2.12 times as on March 31, 2015. The firm's inventory holding stood at 26 days as on March 31, 2015. Further, the profit margins are susceptible to volatility in commodity prices. Also, 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 owing to 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 profitability and working capital requirements. Conversely, the outlook may be revised to 'Negative' in case of decline in net cash accruals or deterioration in the working capital requirements.

Rating Sensitivity Factors

- Expanding scale of operations with improved margins
- Management of working capital funds

Criteria applied to arrive at the rating(s):

- Trading

About the Firm

BDS, established in 1988 is an Uttar-Pradesh-based proprietorship firm promoted by Mrs. Meenu Arya. The firm is engaged in the wholesale trading of agricultural commodities such as rice, wheat, sugar and edible oils.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.47.55 crore, as compared with profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.37.36 crore in FY2014. The net worth stood at Rs.2.38 crore as on March 31, 2015 against Rs.2.30 crore a year earlier.

Rating History

Date	Name of the Instrument	Amount (Rs. Crore)	Rating Assigned	Rating Outlook
			Long Term	
12 Feb, 2015	Cash Credit	5.81	SMERA B-/Stable (Reaffirmed)	Stable
03 Oct, 2013	Cash Credit	5.81	SMERA B-/Stable	Stable

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