

December 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB-/Stable (Upgraded from SMERA B)
Letter of Credit	9.00	SMERA A4+ (Upgraded from SMERA A4)
Cash Credit (proposed)	1.00	SMERA BB-/Stable (Upgraded from SMERA B)
Letter of Credit (Proposed)	3.00	SMERA A4+ (Upgraded from SMERA A4)

SMERA has upgraded the long term rating on the Rs.3.00 crore fund based loan facility of Brahma Industries Private Limited (BIPL) to **'SMERA BB-' (read as SMERA double B minus)** from 'SMERA B' (read as SMERA B) and the short term rating on the Rs.12.00 crore non-fund based facility to **'SMERA A4+' (read as SMERA A four plus)** from SMERA A4 (read as SMERA A four). The outlook is **'Stable'**.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of BIPL, Raj Kripal Lumbers Private Limited (RKL) and Trish Impex Private Limited (TIPL) together referred to as the 'RajKripal Group'. The consolidation is in view of the common ownership and operational linkages within the group.

The upgrade takes into account the group's entry into the cashew trading business, offering healthy revenue visibility for the group. The upgrade is also due to improvement in the financial risk profile of the group marked by increase in operating income and coverage indicators. The ratings also draw support from the group's established operations and experienced management. However, the rating is constrained by the intensely competitive segment of the timber industry and working capital intensive nature of operations.

Update

The group reported profit after tax (PAT) of Rs.0.40 crore on operating income of Rs.148.76 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.0.35 crore on operating income of Rs.136.48 crore in the previous year. The operating income of the company increased ~9 per cent in FY2014-15. The company's profitability margins remain susceptible to volatility in prices of timber. The group operates in the competitive segment of the timber industry.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

Brahma Industries Private Limited (BIPL)

*Rating
Rationale*

The interest coverage ratio (EBIT to interest ratio) marginally improved from 1.34 times in FY2013-14 to 1.36 per cent in FY2014-15. The net worth of the company increased to Rs.59.90 crore as on March 31, 2015 from Rs.58.22 crore as on March 31, 2014.

Outlook: Stable

SMERA believes the Group will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the group registers strong growth in revenues and cash accruals while achieving a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and cash accruals or deterioration in the financial risk profile and liquidity position.

About the Group

The Raj Kripal Group is engaged in the trading of timber wood, teak wood and cashew. The group comprises three entities namely RajKripal Lumbers Limited (RKL), Brahma Industries Private Limited (BIPL) and Trish Impex Private Limited (TIPL) managed by Mr. Sunil Garg and family.

About the Company

RKL, established in 2007, is a Delhi-based company engaged in the trading of teak wood. The company promoted by Mr. Sunil Garg imports teak wood from Africa and South America. The processing facilities of the company are located at Gandhidham, Gujarat.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in Web: www.smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-49731312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in Web: www.smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.