

Rating Rationale

Brickwork Ratings assigns 'BWR B+' for Bank Loan Facilities aggregating ₹ 7.06 Cr of M/s BSP Refineris.

Brickwork Ratings has assigned following **Rating¹** for Bank Loan facilities of M/s. BSP Refineris ('BSPR' or 'The Firm').

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based			
Term Loan	0.06 *	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook: Stable)
Cash Credit	7.00**		
Total	7.06	INR Seven Crores and Six Lakhs only	

*Term Loan outstanding as on 23, December 2015.

** Existing cash credit limit is Rs.4.00 Cr and the proposed limit Rs.3.00 Cr (Enhancement from Rs 4 Cr to Rs 7 Cr).

BWR has primarily relied upon the audited financials up-to FY15 and projected financials up to FY17, publicly available information and the information/clarifications provided by the Firm.

The ratings assigned derive its strengths from vast experience of the management, long track record, Visible revenue growth, adequate liquidity position, healthy and established relationship with the suppliers and the customers. However, the ratings are constrained by modest scale of operation, Low networth, higher projected gearing, Seasonality related issues being agro based and stiff competition in the industry.

Background:

M/s BSP Refineris was established in the year 1982 as a partnership concern, located at Salem, Tamil Nadu. The firm is engaged in manufacturing of edible oil which has got two variation ie Refined Sunflower oil and Refined Groundnut oil and selling under the brand name of "USHA". Firm's installed capacity is ~30 Tons per day and utilizing 100% of it. The firm is operating in 3 shifts for its business operation.

Management Profile:

Mr. B.S.Perumal Chettiar is the partner of the firm and has around 6 decades of business experience. Mr. B.S.Purusothaman and Mr. B.P.Uday Kumar are the other partners of the firm, both having 4 decades of business experience. All the partners actively participate in the business.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

As per audited FY15 financials, net revenue from operations improved from Rs. 74.16 Crores in FY14 to Rs. 99.00 Crores in FY15. Operating and net profit margins have declined from 1.28% & 0.43% in FY14 to 1.06% & 0.38% in FY15 respectively. Tangible net-worth of the firm reported at Rs.3.67 crores in FY15. Firm reported moderate DSCR of 1.69X and ISCR of 1.33X in FY15. Firm has reported adequate liquidity position reflected from current ratio of 1.24X in FY15. The net cash accruals to total debt for the firm is reported at 0.15X in FY15. Operation cycle of the firm at 17 days in FY15.

Rating Outlook:

The outlook of the firm is expected to be stable for the next one year. Going forward, ability of the firm to achieve the projected turnover, improve its profitability margin, sustain the capital structure & gearing level achieved and to manage its working capital effectively to sustain in the highly competitive market will be the key rating sensitivities.

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