



Rating Rationale

Bispa India

31 Jan 2019

Brickwork Ratings upgrades the long term rating and reaffirms the short term rating for the Bank Loan facilities of Rs. 9.53 Crs of M/s Bispa India.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous (December, 2017)	Present
Fund Based					
Cash Credit	1.84	1.84	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)	BWR BB (Pronounced as BWR Double B) (Outlook: Stable) (Upgraded)
Non Fund Based					
Bank Guarantee	7.69	7.69	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) (Reaffirmed)
Total	9.53	9.53	INR Nine Crores and Fifty Three Lakhs Only		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating: Long Term Rating Upgraded & Short Term Rating Reaffirmed

Brickwork Ratings upgraded the long-term rating from 'BWR BB-' to 'BWR BB' with 'Outlook:Stable' and reaffirmed the short-term rating of 'BWR A4' for the bank loan facilities of Rs. 9.53 Crores of M/s Bispa India.



Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating draws comfort from long existence of the firm for 36 years, extensive experience of partners of over three decades in electrical contracting business, improvement in total operating income, low gearing and comfortable debt protection metrics in FY18. However the rating is constrained by modest scale of operations, decline in present order book position and stiff competition in the industry. Going forward, ability of the firm to scale up its operations, to improve its profit margins while managing its gearing in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of M/s Bispa India will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Extensive Experience of Partners:** The partners of the firm are having more than three decades of experience in electrical contracting industry.
- **Long Existence of the Firm:** The firm is in existence for 36 years with satisfactory business history.
- **Improvement in Total Operating Income:** Total operating income of the firm has increased from Rs. 22.92 Crores in FY17 to Rs. 32.96 Crores in FY18.
- **Low Gearing :** The firm has low gearing with total debt to tangible net worth of 0.31 times as on 31 March 2018.
- **Comfortable Debt Protection Metrics:** The firm has Comfortable debt protection metrics with ISCR of 15.26 times and DSCR of 7.59 times in FY18.



Credit Weaknesses

- **Low Order Book Position:** The Firm has work orders of Rs. 31.80 Crores from January, 2017 to December, 2018, indicating possible revenue decline in FY19.
- **Customer Concentration Risk:** At present the firm is undertaking electrical contracting projects of only **WBSEDCL** (West Bengal State Electricity Distribution Company Limited).
- **Risks Associated with Tender-Based Business :** Since the business operations of the firm are tender driven, the revenue depends on successful bidding and timely execution of the projects.

About the Firm:

M/s Bispa India is a partnership firm established in 1982 with its office in Siliguri, West Bengal. The firm has five partners namely Mr. Subhankar Das, Mr. Ashim Goswami, Mr. Bipul Biswas, Mr. Manojit Das and Mr. Tapash Ghosh. The firm is a Class-I electrical contractor and undertakes various electrical contracting works such as installation of electrical sub-stations, border flood lighting systems, street lightings, rural household electrification works, etc. At present the firm is undertaking electrical contracting projects of **WBSEDCL** (West Bengal State Electricity Distribution Company Limited) in the state of West Bengal.

Firm's Financial Performance:

Total operating income of the firm has increased from Rs. 22.92 Crores in FY17 to Rs. 32.96 Crores in FY18. The firm has reported operating profit margin of 7.69% and net profit margin of 8.22% in FY18. Tangible net worth of the firm stood at Rs. 8.17 Crores as on March 31, 2018.

Parameters	31-Mar-2016	31-Mar-2017	31-Mar-2018
	(Audited)	(Audited)	(Audited)
Total Operating Income (Rs. Crores)	12.41	22.92	32.96
EBIDTA (Rs. Crores)	0.76	2.03	2.54
PAT (Rs. Crores)	0.45	1.85	2.71
Tangible Net Worth (TNW) (Rs. Crores)	4.13	6.18	8.17
Total Debt : TNW (Times)	0.34	0.60	0.31
Current Ratio (Times)	3.00	2.54	2.02

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (Jan, 2019)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2018	Dec 20, 2017	2016
1	<u>Fund Based:</u> Cash Credit	Long Term	1.84	BWR BB (Pronounced as BWR Double B) Outlook: Stable (Upgraded)	Not Rated	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Not Rated
2	<u>Non-Fund Based:</u> Bank Guarantee	Short Term	7.69	BWR A4 (Pronounced as BWR A Four) (Reaffirmed)		BWR A4 (Pronounced as BWR A Four)	
Total			9.53	INR Nine Crores and Fifty Three Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) : Not Applicable

Any other information: Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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