

December 04, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00*	SMERA BB-/Stable (Assigned)
Term Loan	12.00	SMERA BB-/Stable (Assigned)
Letter of Credit	20.00^	SMERA A4 (Assigned)
Credit Exposure Limit	2.00	SMERA A4 (Assigned)

*Fully interchangeable with EPC/FBD

[^]Includes sublimit of Rs. 2.00 crore bank guarantee

SMERA has assigned ratings of '**SMERA BB-**' (**read as SMERA double B minus**) and '**SMERA A4**' (**read as SMERA A four**) to the Rs.42.00 crore bank facilities of Blue Phosphate Limited (BPL). The outlook is '**Stable**'. The ratings draw comfort from the extensive experience of the management in the fertiliser industry and healthy order book position. The ratings also factor in the moderate financial risk profile. However, the ratings are constrained by the company's nascent stage of operations and working capital intensive business. The ratings also take into account the vulnerability of the company to regulatory changes and agro-climatic risk associated with the fertiliser industry.

Outlook: Stable

SMERA believes BPL's outlook will remain stable over the medium term on account of its experienced management and healthy order book position. The outlook may be revised to 'Positive' if the company achieves higher than expected revenue and profit margins while effectively managing its working capital. Conversely, the outlook may be revised to 'Negative' with lower-than-expected revenues and profitability margins or deterioration in the capital structure and liquidity position of the company.

Rating Sensitivity Factors

- Scaling up of operations while maintaining profitability
- Working capital management

About the Company

The Udaipur-based BPL, incorporated in 2009 is promoted by Mr. Kayum R. Dhanani, Mr. Anil Sethia and Mr. Zafar Ullah Khan with experience of over three decades in the fertiliser industry. The company is engaged in the manufacture of Single Super Phosphate (SSP) and Granular Single Super Phosphate (GSSP) and commenced production in March, 2015. The manufacturing plant is located at Udaipur, Rajasthan and has an installed capacity of 400 MTD and 200 MTPD respectively.

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Blue Phosphate Limited (BPL)

**Rating
Rationale**

In FY2014-15, BPL reported profit after tax (PAT) of Rs.2.32 crore on operating income of Rs.0.22 crore, as compared to net loss of Rs.0.003 crore on operating income of Rs.0.47 crore in the previous year.

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