

Press Release

BNSR Industries Limited

October 08, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 6.00 crore bank facilities of BNSR Industries Limited. The outlook is '**Stable**'.

BNSR Industries Limited (BNSR) was incorporated in 1992 as a proprietorship concern by Mr. Shri Lal Gupta. Subsequently, its constitution got converted into Public Limited in 2008. BNSR is engaged in manufacturing of overhead transmission and distribution conductors and cables i.e. ACSR/AAAC and aerial bunched cables. The manufactured product portfolio find applications in power sector for power transmission over thousands of miles. The installed capacity of the new unit at Lucknow is 3000 MT per year.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of BNSR Industries Limited to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

The company was incorporated in 1995 by Mr. Shri Lal Gupta thereby established track record for more than two decades. The knowledge base of the promoter has helped BNSR to establish healthy relations with customers and suppliers. Acuite believes that the company will be benefitted by established track record of operations and experienced management over the medium term.

- **Average financial risk profile**

The financial risk profile of BNSR is average marked by net worth of Rs.4.55 crore as on 31 March, 2018 (Provisional) as against Rs.3.90 crore as on 31 March, 2017. The gearing stood at 0.91 times as on 31 March, 2018 (Provisional). The total debt of Rs.4.13 crore outstanding as on 31 March, 2018 (Provisional) comprises of working capital borrowings of Rs.3.49 crore and term loan of Rs.0.64 crore. The interest coverage ratio stood 1.63 times in FY2018 (Provisional) as against 1.61 times in FY2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.22 times as on 31 March, 2018 as against 1.15 times in the previous year.

Weaknesses

- **Working capital intensive operations**

The company has working capital intensive operations reflected in high gross current asset days of 254 days in FY2018 (Provisional) as against 264 days in FY2017. This is mainly on the account of high collection period of 118 days in FY2018 (Provisional) as compared to 113 days in FY2017 and inventory days are also on higher side of 98 days in FY2018 (Provisional) as against 104 days in FY2017. The average cash credit utilisation for the past six months is nearly fully utilised. Acuite believes that an improvement in working capital cycle would be the key sensitivity in the medium term.

• Small scale of operation

BNSR has small scale of operations marked by fluctuating revenue profile during the period FY2016 to FY2018 (Provisional) under the study. The operating income stood at Rs.9.66 crore in FY2018 (Provisional) as against Rs.6.19 crore in FY2017 and Rs.11.06 crore in FY2016. Despite of being in the business over the decades, the company operates on small scale of operations.

Outlook: Stable

Acuite believes that BNSR would maintain a 'Stable' outlook over the medium term from its promoter's extensive experience and healthy relations with customers and suppliers. The outlook may be revised 'Positive' if the company generates substantial and sustainable revenues or operating margins. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further deteriorates resulting in weakening of its financial risk profile particularly liquidity position.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	9.66	6.19	11.06
EBITDA	Rs. Cr.	0.95	0.80	1.00
PAT	Rs. Cr.	0.10	0.04	0.06
EBITDA Margin	(%)	9.85	12.88	9.00
PAT Margin	(%)	1.00	0.68	0.55
ROCE	(%)	8.88	10.16	14.13
Total Debt/Tangible Net Worth	Times	0.91	0.87	1.47
PBDIT/Interest	Times	1.63	1.61	1.65
Total Debt/PBDIT	Times	4.34	3.58	3.10
Gross Current Assets (Days)	Days	254	264	90

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.40	ACUITE B / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.10	ACUITE B / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE A4

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About Acuité Ratings & Research:

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