



**Press Release**  
**BOS NATURAL FLAVORS PRIVATE LIMITED**  
**February 21, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	55.00	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A2+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB+**’ (read as **ACUITE Triple B Plus**) on the Rs. 55.00 Cr. bank facilities and short-term rating of ‘**ACUITE A2+**’ (read as **ACUITE A two plus**) on the Rs.5.00 Cr. bank facilities of Bos Natural Flavors Private Limited (BNFPL). The outlook is ‘**Stable**’.

**Rationale for reaffirmation :**

The rating reaffirmation takes into account the improvement in the scale of operations and profitability in 9M FY2025, post moderation in FY2024. Further, it considers its healthy financial risk profile with healthy network, low gearing and moderate debt protection metrics. It also reflects the extensive experience of the promoters of more than a decade in the spices & oleoresins industry.

The rating is, however, constrained by intensive nature of working capital operations, susceptibility of margins to volatility in raw materials prices due to government regulations and foreign exchange fluctuations.

**About the Company**

Perumbavoor (Kerala)-based, BNFPL was incorporated in 2001 by Mr. O.S. Bobby and his wife Mrs. Shiny Bobby. The company is engaged in the business of manufacturing oleoresins and essential oils used primarily in the medicine, food and cosmetic industries. In addition, the company also trades in various commodities such as chili, pepper, ginger, cardamom, etc. In addition, the company also trades in various commodities.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of BNFPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

- Extensive experience of the promoters

BNFPL, promoted by Mr. Bobby and Mrs. Shiny Bobby, has more than a decade's experience in the spices & oleoresins industry. The company was incorporated in 2001 and gradually expanded to the present total capacity of 3,000 metric tons per annum (MTPA) for spice oils and 5,000 MTPA for spice oleoresins at its plants situated in Kerala. BNFPL has competent management supported by a team of well qualified and experienced second line personnel. The promoter's experience in the spices and oleoresins industry has helped the company to forge healthy relationships with its suppliers and customers, to ensure a steady raw

material supply and large offtake. The company has trade liaisons with customers in countries such as Vietnam, Sri Lanka, Morocco, Guatemala, etc. Exports generally account for around 70 percent of the total sales and the company exports to Europe, Russia, Middle East countries, Brazil & South Africa. Acuité believes that the promoter's extensive industry experience and established relationship with its customers and suppliers will aid BNFPL's business risk profile over the medium term.

- **Improvement in operating performance in 9MFY2025 post moderation in FY2024**

The operating income and profitability margin declined in FY2024 mainly on account of an unfavourable market for raw materials (i.e., black pepper, cardamom, chili) which are procured internationally. The operating income declined to Rs. 110.73 Cr. in FY2024 from Rs. 136.89 Cr. in FY2023. However, in 9MFY2025, it improved and stood at Rs.135.73 Cr. Further, the operating profit margin improved to ~14.79 percent in 9MFY25 from 12.95 percent in FY2024 and 16.75 percent in FY2023. Acuité believes that going ahead, the operating income and profitability of the company will improve in the near term.

- **Healthy financial risk profile**

The company's financial risk profile is healthy, marked by a healthy net worth, low gearing and moderate debt protection metrics. The net worth of the company stood at Rs.66.58 Cr. and Rs.58.80 Cr. as on March 31, 2024, and 2023 respectively. The improvement in net worth is due to the accretion of reserves. The gearing of the company stood at 0.12 times as on March 31, 2024, against 0.42 times as on March 31, 2023. Debt protection metrics – interest coverage ratio and debt service coverage ratio moderated yet remained at moderate levels at 6.33 times and 2.73 times as on March 31, 2024, respectively, as against 10.15 times and 4.22 times as on March 31, 2023, respectively. The deterioration is on account of the decline in EBTIDA. TOL/TNW (Total outside liabilities/Total net worth) stood at 0.25 times and 0.54 times as on March 31, 2024, and 2023 respectively. The debt to EBITDA of the company stood at 0.57 times as on March 31, 2024, as against 1.08 times as on March 31, 2023. Acuité believes that the financial risk profile of the company will continue to remain healthy over the medium term in absence of any major debt-funded capital expenditure and healthy accruals.

## **Weaknesses**

- **Working capital intensive operations**

BNFPL's working capital operations are intensive in nature, marked by high gross current Asset (GCA) at 184 days in FY 2024 as against 166 days in FY2023. The increase in GCA days is on account of increased inventory days. Inventory days stood at 109 days in FY2024 as against 32 days in FY2023. Debtor days stood at 52 days in FY2024 as against 59 days in FY2023. Subsequently, the payable period stood at 31 days in FY2024 as against 14 days in F2023 respectively.

- **Susceptibility of margins with respect to volatility in raw materials prices due to government regulations and foreign exchange**

BNFPL's operating profitability is susceptible to volatility in raw material prices of black pepper, cardamom, chili and other herbs and spices which are procured internationally, i.e.from Morocco, Guatemala, Vietnam, to name a few, and also locally. Also, since BNFPL is into both exports and imports of spices, it is regulated by the government (SpicesBoardIndia), thereby exposing the certain degree of regulatory risks. The company also exports around 70-75 percent, which partially mitigates the foreign exchange fluctuation risk. The risk, however, remains as the company does not actively hedge its balanced foreign exchange exposure.

## **Rating Sensitivities**

- Growth in revenue with sustainability of the profitability margins.
- Any deterioration of its financial risk profile.
- Any elongation of the working capital cycle leading to deterioration in debt protection metrics.

## **Liquidity Position: Adequate**

BNFPL liquidity is adequate marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals in the range of Rs.9.21 Cr. in FY2024, while its maturing debt obligations were Rs. 1.93 Cr. during the same period. Going forward, the company is expected to generate net cash accruals of Rs. 15.59–17.82 Cr. in FY 2025-26 against Rs.1.25-1.35 Cr. maturing debt obligations. The current ratio stood at 4.64 times as on March 31, 2024, and the reliance on working capital limit remained low with average utilisation at 42 percent over the 12 months ending December 2024 for fund-based limits. The company's unencumbered cash and bank balances stood at Rs.0.71 Cr. as on March 31, 2024. Acuité believes that the liquidity of the company is likely to

improve over the medium term.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	110.73	136.89
PAT	Rs. Cr.	7.78	13.93
PAT Margin	(%)	7.03	10.17
Total Debt/Tangible Net Worth	Times	0.12	0.42
PBDIT/Interest	Times	6.33	10.15

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Nov 2023	PC/PCFC	Short Term	5.50	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	9.50	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.53	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB+   Stable (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	6.35	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.58	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.04	ACUITE BBB+   Stable (Reaffirmed)
01 Sep 2022	PC/PCFC	Short Term	5.50	ACUITE A2+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	4.00	ACUITE A2+ (Reaffirmed)
	Cash Credit	Long Term	9.50	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.53	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB+   Stable (Reaffirmed)
	Secured Overdraft	Long Term	25.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	9.00	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	0.58	ACUITE BBB+   Stable (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB+   Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.39	ACUITE BBB+   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.50	Simple	ACUITE BBB+   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A2+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.15	Simple	ACUITE BBB+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Feb 2028	6.35	Simple	ACUITE BBB+   Stable   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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