

## Press Release

### BCPL Railway Infrastructure Limited

July 11, 2018

#### Rating Upgraded



<b>Total Bank Facilities Rated*</b>	Rs. 30.00 Cr.
<b>Long Term Rating</b>	ACUITE BBB- / Outlook: Stable
<b>Short Term Rating</b>	ACUITE A3

\* Refer Annexure for details

#### Rating Rationale

Acuite has upgraded long-term rating of '**ACUITE BBB-**' (read as **ACUITE BBB minus**) and short term rating of '**ACUITE A3**' (read as **ACUITE A three**) from '**ACUITE BB+**' (read as **ACUITE BB plus**) and short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 30.00 crore bank facilities of BCPL RAILWAY INFRASTRUCTURE LIMITED. The outlook is '**Stable**'.

Incorporated in 1995, BCPL Railway Infrastructure Limited (BCPL) is a Kolkata based company promoted by Mr. Jayanta Kumar Ghosh, Mr. Aparesh Nandi among others. The company is a contractor engaged in designing, drawing, supply, erection and commissioning of railway electrification system (25 KV and 50Hz single phase traction overhead equipment). The key clients of the company include various zones of the Indian Railways like Eastern Railway, South Eastern Railway, South East Central Railway, Northern Railway, East Central Railway, Central Organization for Railway Electrification (CORE) as well as public and private sector undertakings like Haldia Energy Ltd, RITES Ltd., UltraTech Cement Ltd., Durgapur Projects Ltd among others.

The upgrade reflects improvement in BCPL's business risk profile with higher than expected growth in revenues and improvement in profitability margins during FY2018. The revenue profile of the company improved to Rs 49.08 crore in FY'2018 (provisional) from Rs 32.35 crore in FY'2017. Going forward, operating revenue is expected to increase backed by healthy order book of Rs 115.00 crore from various zones of the Indian Railways. Moreover, the operating profitability (EBITDA) margins improved to 13.52 percent as on 31<sup>st</sup> March, 2018 (provisional) from 8.66 percent in the previous year. The profitability improved on account of better absorption of overhead and fixed expenses and improved margins in projects executed.

### Key Rating Drivers

#### Strengths

- **Comfortable financial risk profile**

BCPL's financial risk profile is comfortable marked by healthy net worth, low gearing and above average debt protection metrics. The net worth increased to Rs 37.30 Crore as on March 31<sup>st</sup>, 2018 (provisional) from Rs 33.30 Crore on account of steady internal accrual. The gearing remained comfortable at 0.24 percent as on March 31<sup>st</sup>, 2018 (provisional) as against 0.29 in the previous year. The total debt of Rs 8.90 crore consist of short term borrowings of Rs 8.28 crore, unsecured loans of Rs 0.56 crore and long term loans Rs 0.07 crore as on March 31<sup>st</sup>, 2018 (provisional). The debt protection metrics is strong as reflected by interest coverage ratio (ICR) and net cash accrual to total debt (NCA/TD) of 5.01 times and 0.46 times as on March 31<sup>st</sup>, 2018 (provisional).

ACUITE expects the financial risk profile of the company to be maintained at comfortable levels over the medium term backed by steady accruals and no major capex plans.

- **Experienced Management**

BCPL's business risk profile is supported by promoter's extensive industry experience by virtue of their association with M/s Bapi construction and M/S U K Construction. The management has around two decades of experience in executing railway electrification work such as designing, supply, erection

testing and commissioning across India, for various railways zones such as Southern, Northern, Eastern, Western, Central, South East central.

### Weaknesses

- Working capital intensive nature of operations**

BCPL's operation is working capital intensive as reflected by gross current asset (GCA) of 290 days as on March 31st, 2018 (provisional) against 404 days in the previous year. This is mainly on account of inventory of 158 days as on March 31st, 2018 (provisional) which improved from 221 days in the previous year. Overhead electrification (OHE) projects of railways have an implementation period of 12 -15 months resulting in high inventory days. Further, the high GCA days are on account security deposits of Rs 11.26 Crore against railway tenders.

- Tender based business and customer concentration**

BCPL's business risk profile is partially constrained by high customer concentration on railway department and tender nature based of operations. Around 90 percent of revenue comes from Railways, which exposes its turnover to any change in the number of new contracts floated by Indian Railways and its ability to successfully bid for the same.

### Analytical Approach

For arriving at the rating, ACUITE has considered the standalone business and financial risk profiles of BCPL

### Outlook: Stable

### About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	49.08	32.35	23.80
EBITDA	Rs. Cr.	6.63	2.80	2.50
PAT	Rs. Cr.	4.01	1.10	0.94
EBITDA Margin	(%)	13.52	8.66	10.52
PAT Margin	(%)	8.16	3.39	3.94
ROCE	(%)	16.10	7.73	7.29
Total Debt/Tangible Net Worth	Times	0.24	0.29	0.41
PBDIT/Interest	Times	5.01	2.18	1.72
Total Debt/PBDIT	Times	1.23	2.76	3.98
Gross Current Assets (Days)	Days	290	404	606

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Infrastructure Entities - <https://www.acuite.in/view-rating-criteria-14.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
26-Jul-2017	Cash Credit	Long Term	INR 10	ACUITE BB+ / Stable (Reaffirmed)
	Bank Guarantee	Short Term	INR 15	ACUITE A4+ (Reaffirmed)
15-Mar-2017	Cash Credit	Long Term	INR 10	ACUITE BB+ / Stable (Downgraded)
	Bank Guarantee	Short Term	INR 15	ACUITE A4+ (Downgraded)
30-Nov-2015	Cash Credit	Long Term	INR 10	ACUITE BBB- / Stable (Upgraded)
	Bank Guarantee	Short Term	INR 15	ACUITE A3 (Upgraded)
31-Mar-2015	Cash Credit	Long Term	INR 10	ACUITE BB+ / Stable (Assigned)
	Bank Guarantee	Short Term	INR 15	ACUITE A4+ (Assigned)

**\*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	10.00	ACUITE BBB- / Stable (Upgraded)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	20.00 (Enhanced from Rs 15.00 Crore)	ACUITE A3 (Upgraded)

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**About Acuite Ratings & Research:**

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