

Press Release

BCPL Railway Infrastructure Limited

October 14, 2020

Rating Reaffirmed



Total Bank Facilities Rated*	Rs.55.00 Cr. (Enhanced from Rs.40.00 Cr)
Long Term Rating	ACUITE BBB/Stable (Reaffirmed)
Short Term Rating	ACUITE A3+ (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed the long term rating of '**ACUITE BBB (read as ACUITE triple B)**' and the short term rating of '**ACUITE A3+ (read as ACUITE A three plus)**' on the Rs.55.00 crore bank facilities of BCPL Railway Infrastructures Limited (BCPL). The outlook is '**Stable**'.

Incorporated in 1995, BCPL Railway Infrastructure Limited (BCPL) is engaged in the execution of railway infrastructure development projects involving design, drawing, supply, erection and commissioning of 25KV, 50Hz single phase traction overhead equipment. Currently, the company is headed by Mr Aparesh Nandi, Mr Jayanta Kumar Ghosh and Mr Uday Narayan Singh, who all are promoter directors. The primary client of BCPL is Indian Railways and various railways zones such as Southern, Northern, Eastern, Central, South East Central, to name a few. The company also caters to reputed private clients, namely, Ultratech Cement Limited, Tata Steel BSL Limited, Adhunik Alloys & Power Limited, Jindal Steel & Power Limited, Rungta Mines Limited.

Analytical Approach

Acuité has taken the standalone view of the business and financial risk profile of BCPL to arrive at the rating.

Key Rating Drivers

Strengths

- Long track record of operations and experienced management**

Established in 1995, BCPL Railway Infrastructure Limited (BCPL) has a long operational track record of more than two decades in the execution of railway electrification projects. The key promoters of the company, Mr Aparesh Nandi, Mr Jayanta Kumar Ghosh and Mr Uday Narayan Singh have been in the industry for more than three decades. The long standing experience has been through their partnership concerns, M/s Bapi construction and M/S U K Construction. Acuité derives comfort from the long experience of the promoters and the long track record of operations.

- Significant growth in revenue and strong order book position**

The company has improving revenue trend marked by operating income of Rs.127.51 Cr in FY2020 as compared to revenues of Rs.82.45 Cr in FY2019 and Rs.49.08 Cr in FY2018, thereby registering a y-o-y growth of 54.64 per cent in this year and 67.99 per cent in the previous year. The growth in the top line is on account of boost in railway electrification sector, which has become one of the major focus sectors of the Government of India. In addition to this, the company has a healthy order book position as on 30th June, 2020 to the tune of Rs.152.46 Cr. Acuité believes that the healthy order book position of the company provides comfortable revenue visibility over the medium term.

- Healthy financial risk profile**

The company's healthy financial risk profile is marked by modest network, comfortable gearing and strong debt protection metrics. The tangible net worth of the company improved to Rs.64.81 Cr as on March 31, 2020 from Rs.57.10 Cr as on March 31, 2019 due to accretion to reserves. Gearing of the company stood low at 0.15 times as on March 31, 2020 as against 0.01 times as on March 31, 2019. The debt of Rs.9.90 Cr mainly

consists of working capital borrowing of Rs.9.71 Cr, long term borrowings of Rs.0.12 Cr and current obligations of Rs.0.07 Cr as on March 31, 2020. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood comfortable at 0.24 times as on March 31, 2020 as against 0.12 times as on March 31, 2019. The strong debt protection metrics of the company is marked by Interest Coverage Ratio at 11.50 times as on March 31, 2020 and Debt Service Coverage Ratio at 8.33 times as on March 31, 2020. Net Cash Accruals/Total Debt (NCA/TD) stood healthy at 1.00 times as on March 31, 2020. Acuite believes that going forward the financial risk profile of the company will remain comfortable backed by consistent accruals and no major debt-funded capital expenditure plans.

Weakness

- **Working capital intensive nature of operations**

The company's operations are working capital intensive as reflected by high Gross Current Assets (GCA) of 185 days in 31st March 2020 as compared to 222 days in 31st March 2019. The high GCA days are on account of high current assets due to earnest money deposits and security deposits. The debtor period is comfortable at 39 days on 31st March 2020 as compared to 48 days in 31st March 2019. Further, the inventory holding stood modest at 56 days in 31st March 2020 as compared to 87 days as on 31st March 2019. Acuite believes that the working capital operations of the firm will remain almost at the same levels as evident from efficient collection mechanism and modest inventory levels over the medium term.

Rating Sensitivity

- Sustainability in their growth in scale of operations while improving profitability margin
- Reduction in order flow

Material Covenant

None

Liquidity Profile: Strong

The company's liquidity is strong marked by the net cash accruals stood at Rs.9.88 Cr in March 31, 2020 as against long term debt repayment of only Rs.0.07 Cr over the same period. The current ratio stood robust at 4.74 times as on March 31, 2020 as compared to 8.87 times as on March 31, 2019. The fund based limit remains utilised at 41 per cent over the six months ended in June, 2020. The company has not availed any loan moratorium but availed an additional COVID loan of Rs.1.5 Cr. The cash and bank balances of the company stood at Rs.0.16 Cr as on March 31, 2020 as compared to Rs.0.12 Cr as on March 31, 2019. However, the company's operations are working capital intensive as reflected by high Gross Current Assets (GCA) of 185 days on March 31, 2020 as against 222 days on March 31, 2019. Acuite believes that going forward, the company will maintain a strong liquidity position due to steady accruals and absence of any debt-funded capex plans.

Outlook: Stable

Acuite believes the outlook on BCPL Railway Infrastructure Limited (BCPL) will remain stable over the medium term on account of the vast experience of the promoters, long track record of operations and steady revenue growth. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, and improved its working capital management. Conversely, the outlook may be revised to 'Negative' in case of a decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position or deterioration in its working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	127.51	82.45
PAT	Rs. Cr.	9.73	7.05
PAT Margin	(%)	7.63	8.55
Total Debt/Tangible Net Worth	Times	0.15	0.01
PBDIT/Interest	Times	11.50	8.78

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities in service sector- <https://www.acuite.in/view-rating-criteria-50.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.in/view-rating-criteria-55.htm>
Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
21-Aug-2020	Cash Credit	Long Term	10.00	ACUITE BBB / Stable (Reaffirmed)
	Bank Guarantee	Short Term	30.00	ACUITE A3+ (Reaffirmed)
07-Jun-2019	Cash Credit	Long Term	10.00	ACUITE BBB / Stable (Upgraded)
	Bank Guarantee	Short Term	20.00	ACUITE A3+ (Upgraded)
	Proposed Bank Guarantee	Short Term	10.00	ACUITE A3+ (Assigned)
11-Jul-2018	Cash Credit	Long Term	10.00	ACUITE BBB-/Stable (Upgraded)
	Bank Guarantee /Letter of Guarantee	Short Term	20.00	ACUITE A3 (Upgraded)

***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	14-Nov-2019	Not Applicable	Not Applicable	15.00 (Enhanced from Rs.10 Cr)	ACUITE BBB/Stable (Reaffirmed)
Bank Guarantee	14-Nov-2019	Not Applicable	Not Applicable	40.00 (Enhanced from Rs.30 Cr)	ACUITE A3+ (Reaffirmed)

Contacts

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About Acuité Ratings & Research

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