

## Press Release

### BCPL Railway Infrastructure Limited

January 06, 2022

### Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
<b>Bank Ratings</b> Loan	40.00		ACUITE A3+   Reaffirmed
<b>Bank Ratings</b> Loan	15.00	ACUITE BBB   Stable   Reaffirmed	
<b>Total</b>	55.00	-	-

### Rating Rationale

Acuite 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**'.

The rating reaffirmation of BCPL takes into account the stable business risk profile of the company as reflected from its moderate order book position. The rating also factors in its experienced management and healthy financial position characterized by conservative leverage and robust debt protection metrics. These strengths are partially offset by elongated working capital cycle and the fragmented industry.

### About the Company

Incorporated in 1995, West Bengal based 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 and Rungta Mines Limited.

### Analytical Approach

Acuite 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. Acuite derives comfort from the long experience of the promoters and the long

track record of operations.

### **Improvement in profitability and sound order book position**

The company has improving profitability trend marked by EBITDA of 12.66 per cent in FY2021 as compared to 10.63 per cent in the previous year. PAT margins also improved to 9.56 per cent as on FY2021 as against 7.63 per cent as on FY2020. The comfortable profitability margins have translated into healthy RoCE levels for the company of about 17.02 per cent in FY2021. The growth in the profitability is on account of decline in material cost. In addition to this, the company has a steady order book position as on 30th November, 2020 to the tune of Rs.156.55 Cr. Acuité believes that the sound 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 networth, comfortable gearing and strong debt protection metrics. The tangible net worth of the company improved to Rs. 70.43 Cr as on March 31, 2021 from 64.81 Cr as on March 31, 2020 due to accretion to reserves. Gearing of the company stood low at 0.07 times as on March 31, 2021 as against 0.15 times as on March 31, 2020 due to low reliance on external debt. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood comfortable at 0.14 times as on March 31, 2021 as against 0.24 times as on March 31, 2020. The strong debt protection metrics of the company is marked by Interest Coverage Ratio at 6.62 times as on March 31, 2020 and Debt Service Coverage Ratio at 4.99 times as on March 31, 2021. Net Cash Accruals/Total Debt (NCA/TD) stood low at 1.66 times as on March 31, 2021. Acuité believes that going forward the financial risk profile of the company will remain comfortable backed by steady accruals and no major debt funded capex plans.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The working capital intensive nature of operations is marked by high Gross Current Assets (GCA) of 200 days in 31st March 2021 as compared to 182 days in 31st March 2020. The high GCA days are on account of high current assets due to earnest money deposits & security deposits. Further, the inventory holding is high at 78 days on 31st March 2021 as compared to 56 days as on 31st March 2020. However, the debtor period is comfortable at 43 days in 31st March 2021 as compared to 39 days in 31st March 2020. Acuité believes that the working capital operations of the firm will remain almost at the same levels over the medium term due to inherently high deposits with statutory authorities though comforted from efficient collection mechanism.

#### **Tender based business and customer concentration**

BCPL's business risk profile is partially constrained by high customer concentration on railway department and tender based nature of operations. Most share 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.

### **Rating Sensitivities**

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

### **Material covenants**

None

### **Liquidity Position: Adequate**

The company's liquidity is adequate marked by the net cash accruals which stood at Rs.8.13 Cr in March 31, 2021 as against long term debt repayment of only Rs.1.74 Cr over the same period. The current ratio stood strong at 6.01 times as on March 31, 2021 as compared to 4.68 times as on March 31, 2020. The fund based limit remains utilised at 41 per cent over the six months ended October, 2021. 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.9.23 Cr as on March 31, 2021 as compared to Rs.0.16 Cr as on March 31, 2020. However, the company's operations are working capital intensive as reflected by high Gross Current Assets (GCA) of 200 days in March 31, 2021 as against 182 days in March 31, 2020. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals and healthy network base.

### Outlook: Stable

Acuité 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.

### Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	83.06	127.51
PAT	Rs. Cr.	7.94	9.73
PAT Margin	(%)	9.56	7.63
Total Debt/Tangible Net Worth	Times	0.07	0.15
PBDIT/Interest	Times	6.62	11.50

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Oct 2020	Bank Guarantee	Short Term	40.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Reaffirmed)
21 Aug 2020	Bank Guarantee	Short Term	30.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB   Stable (Reaffirmed)
07 Jun 2019	Cash Credit	Long Term	10.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Proposed Bank Guarantee	Short Term	10.00	ACUITE A3+ (Assigned)

	Bank Guarantee	Short Term	20.00	ACUITE A3+ (Upgraded from ACUITE A3)
11 Jul 2018	Cash Credit	Long Term	10.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+   Stable)
	Bank Guarantee	Short Term	20.00	ACUITE A3 (Upgraded from ACUITE A4+)
26 Jul 2017	Cash Credit	Long Term	10.00	ACUITE BB+   Stable (Reaffirmed)
	Bank Guarantee	Short Term	15.00	ACUITE A4+ (Reaffirmed)
15 Mar 2017	Cash Credit	Long Term	10.00	ACUITE BB+   Stable (Downgraded from ACUITE BBB-   Stable)
	Bank Guarantee	Short Term	15.00	ACUITE A4+ (Downgraded from ACUITE A3)
30 Nov 2015	Cash Credit	Long Term	10.00	ACUITE BBB-   Stable (Upgraded from ACUITE BB+   Stable)
	Bank Guarantee	Short Term	15.00	ACUITE A3 (Upgraded from ACUITE A4+)
31 Mar 2015	Cash Credit	Long Term	10.00	ACUITE BB+   Stable (Assigned)
	Bank Guarantee	Short Term	15.00	ACUITE A4+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE A3+   Reaffirmed
Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,850 credit 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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