



**Press Release**  
**BCPL Railway Infrastructure Limited**  
**September 06, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	15.00	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	10.00	-	ACUITE A3+   Assigned
Bank Loan Ratings	40.00	-	ACUITE A3+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	85.00	-	-

**Rating Rationale**

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

Acuite has assigned its 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.30.00 crore bank facilities of BCPL Railway Infrastructure Limited (BCPL). The outlook remains '**Stable**'.

**Rationale for Rating**

The rating reaffirmation of BCPL takes into account the stable business risk profile of the company as reflected from its modest scale of operation coupled with healthy profitability margin, adequate liquidity and the moderate financial risk profile marked by healthy net worth, healthy debt protection metrics and low gearing levels. The revenue stood at Rs. 87.93 Cr. in FY2024 as against Rs.122.83 Cr. in FY2023. The decline in revenue is on account of late receipt of a major order.

Further, the reaffirmation in the rating considers that, even though the company has achieved low revenue in FY2024, the operating margins stood healthy at 8.75 percent in FY2024 as against 8.65 percent in FY2023. Further, in Q1FY25, the company recorded a decline in revenue to Rs.18.27 Cr. from Rs.25.87 Cr. in Q4FY24. As learned from the management, this decline is temporary due to the contract-based nature of business. The operating profit margin increased to 11.72% in Q1FY25 from 1.87% in Q4FY24.

The rating is however constrained on account of elongated working capital cycle and

competitive and fragmented nature of industry coupled with tender based business.

### **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. Also, the company ventured into exporting of commodities such as maize and oil cakes to Bangladesh from FY2022 onwards, however, the company ceased this activity from FY2024 onwards due to its volatile nature. The company is headed by Mr. Aparesh Nandi, Mr. Jayanta Kumar Ghosh, and Mr. Uday Narayan Singh, Mr. Debasis Sircar. The primary client of BCPL is Indian Railways and various railways zones such as Southern, Northern, Eastern, 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.

## Unsupported Rating

Not Applicable

## 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.

#### Moderate Financial Risk Profile

The company has a moderate financial risk profile. The Tangible Networth stood at Rs. 89.16 crore on March 31, 2024 as against Rs. 84.46 crore on March 31, 2023 because of accretion of profit to reserves. The gearing ratio stood at 0.18 times on March 31, 2024 as against 0.03 times on March 31, 2023. Increase in gearing is on account of increase in short term debt levels of the company. Increase in the debt levels has also affected the Debt-EBITDA levels of the company which stood at 1.57 times on March 31, 2024 as against 0.19 times on March 31, 2023. TOL/TNW stood at 0.39 times as on March 31, 2024 as against 0.27 times as on 31<sup>st</sup> March, 2024. The Coverage ratios, though moderated, stood healthy as on March 31, 2024 with Interest Coverage Ratio at 3.77 times and Debt Service Coverage Ratio at 2.43 times as against 7.70 times and 3.84 times respectively in the previous year.

Going forward, Acuité believes the financial risk profile of the company will remain moderate on account of steady net cash accruals and no major debt funded capex plan over the near term.

### Weaknesses

#### Intensive Working Capital Management

The working capital management of the company is intensive with Gross Current Asset (GCA) days of 353 days in FY2024 as against 197 days in FY2023. GCA days are driven by inventory days and debtor days. The inventory days stood at 205 days in FY2024 as against 110 days in FY2023. The average inventory holding period is ~4 months. Debtor days stood at 44 days in FY2024 as against 47 days in FY2023. Creditor days stood at 104 days in FY2024 as against 43 days in FY2023.

Acuité believes that the ability of the company to manage its working capital operations efficiently will remain a key rating sensitivity.

#### Competitive and fragmented nature of industry coupled with tender based business

The company is engaged as a civil contractor and the particular sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts and hence the company has to make bid for such tenders on competitive prices, which may affect the profitability of the company. However, this risk is mitigated to an extent as the company is operating in this environment for the last

twelve years.

### **Rating Sensitivities**

- Improving the scale of operations while maintaining profitability levels.
- Efficient working capital management
- Timely execution of orders

### **Liquidity Position**

#### **Adequate**

BCPL's liquidity position is adequate, as reflected by generation of sufficient cash accruals against repayment obligations. The company generated cash accruals of Rs.5.71 Cr. in FY24 against repayment obligation of Rs.0.73 Cr. in the same period. Going ahead, the company is expected to generate cash accruals in the range of Rs.9.83 Cr. to Rs.11.05 Cr. over the medium term against nominal repayment obligations during the same period. The average fund bank limit utilization stands at 48 percent for twelve months ended March 2024 and non-fund based at 24.22 percent during the same period. Current ratio stood at 2.44 times as on March 31, 2024 as against 3.13 times on March 31, 2023.

### **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 stable operating performance. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins and improves its working capital management. Conversely, the outlook may be revised to 'Negative' in case of a higher-than-expected 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 further deterioration in its working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	88.02	122.83
PAT	Rs. Cr.	5.53	8.08
PAT Margin	(%)	6.28	6.58
Total Debt/Tangible Net Worth	Times	0.18	0.03
PBDIT/Interest	Times	3.77	7.70

### 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>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
06 Jun 2024	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A3+ (Reaffirmed)
20 Feb 2024	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Reaffirmed)
21 Feb 2023	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A3+ (Reaffirmed)
06 Jan 2022	Bank Guarantee/Letter of Guarantee	Short Term	40.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A3+   Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A3+   Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	15.00	ACUITE BBB   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE BBB   Stable   Assigned

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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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