



**Press Release**  
**Bharat Rail Automations Private Limited**  
**October 18, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	45.00	-	ACUITE A2   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	65.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and short term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 65.00 crore bank facilities of Bharat Rail Automations Private Limited (BRAPL). The outlook is '**Stable**'.

**Reason for Rating Reaffirmation**

The rating reaffirmation takes into account the stable operational and financial performance of BRAPL. The operating income of the company has ranged around Rs.102-116 Cr over the last two years ended FY2023 while the operating margins ranged between 6.42-8.76 percent for the same period. The financial risk profile of the company continues to remain healthy marked by zero debt capital structure. The company avails fund based and non-fund based working capital facilities, however, the utilisation levels are consistently low. The average bank limit utilisation of fund based facilities of the company stood at 7.58% for 9 months ended as on July 2023. Moreover, the operations of the company are working capital intensive as reflected by gross current asset days of 240 days as on March 31, 2023 as against 206 days as on March 31, 2022, primarily driven by debtor days. However, the elongated gross working capital cycle is supported by credit extended by its suppliers. Going forward, the company's ability to scale up its operations while maintaining its operating margins and healthy capital structure will remain a key rating monitorable.

**About the Company**

BRAPL was established as a partnership firm by Mr. Bhupesh Dhabalia and Mr. Bharat Dhabalia in 1986 and converted to a private limited entity in 2004. The Mumbai-based company caters to the Indian Railways and undertakes installation of railway safety and signalling systems i.e. installation of SSI, Panel interlocking and Route Relay Interlocking, Automatic Signalling etc.

**Standalone (Unsupported) Rating**

None

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of BRAPL for arriving at the rating.

**Key Rating Drivers**

## **Strengths**

- > Established track record of operations and experienced management

BRAPL is promoted by Mr. Bhupesh Dhabalia and Mr. Bharat Dhabalia who also manages the day to day operations of the company. The company is empaneled as a Class-I signaling contractor and has ISO 9001:2008 certification for Design of Signaling Equipment System and Installation, Testing & Commissioning of Signaling Projects. Both the directors have more than three decades of experience in the said line of business. BRAPL's operating income stood at Rs.102.73 Cr in FY2023 as against Rs. 116.25 Cr in FY2022. As on April 2023, BRAPL's unexecuted order book position stood at Rs. 275.57 Cr, which provides medium term revenue visibility. Acuité believes that the company will continue to benefit through the promoters' extensive industry experience over the medium term.

#### > **Healthy financial risk profile**

BRAPL's financial risk profile remains healthy marked by healthy net worth, low gearing and healthy debt protection. The net worth improved to Rs. 65.42 Cr as on March 31, 2023 as against Rs.60.71 Cr as on March 31, 2022 due to accretion of profits to reserves. BRPL gearing is nil as on March 31, 2023 and as on March 31, 2022. The company has followed a conservative financial leverage policy in the past, as reflected by its peak gearing of around 0.57 times as on March 31, 2018. The Company avails short term working capital facilities from bank, which as on March 31, 2023 stood unutilised. The debt protection metrics are healthy as the interest coverage ratio stood at 5.80 times in FY2023 as against 6.84 times in FY2022. The debt service coverage ratio stood at 4.60 times in FY2023 as against 5.77 times in FY2022. Acuité expects BRAPL's financial risk profile to remain stable over the medium term in absence of any significant debt funded capex plan.

#### **Weaknesses**

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

The operations of the company are of working capital intensive nature marked by high gross current asset (GCA) days albeit low bank limit utilisation. The GCA days of the company stood at 240 days in FY2023 as against 206 days in FY2022. The GCA days are marked by high debtor days of 154 days in FY2023 as against 130 days in FY2022. The creditor days stood at 128 days in FY2023 as against 114 days in FY2022. The average bank limit utilisation of the company stood lower at 7.58% for 9 months ended as on July 2023. Acuité believes BRAPL's ability to improve working capital management efficiency will remain a key rating sensitivity.

##### > **Tender based nature of operations and competitive industry**

The revenues of BRAPL are generated through tender based orders floated by Indian Railways coupled with the increasing competition in the industry.

#### **Rating Sensitivities**

- > Movement in scale of operations and profitability margins
- > Movement of working capital cycle

#### **All Covenants**

Not Applicable

#### **Liquidity Position**

##### **Adequate**

BRAPL has adequate liquidity position marked by moderate net cash accruals against negligible maturing debt obligations and low reliance on working capital facilities. The company generated cash accruals of Rs. 4.95 Cr in FY2023 against nil repayment obligations. Going ahead, the net cash accruals are expected to remain in the range of Rs. 7.40 Cr. to Rs. 9.23 Cr against nil repayment obligations. during FY2024-2025. BRAPL's operations are moderately working capital intensive with GCA days of 240 days as on March 31, 2023. The average bank limit utilisation of its fund based limits was low at 7.58 percent for the 9 months ended July, 2023. The current ratio of the company stood at 3 times as on March 31, 2023. Acuité believes that the liquidity of the company is expected to remain adequate over the medium term on account of moderate cash accruals constrained to some extent by moderate working capital intensity of operations.

#### **Outlook: Stable**

Acuité believes that the outlook on BRAPL's rated facilities will remain stable over the medium term on account of its promoter's extensive experience, healthy financial risk profile and established operational track record. The outlook may be revised to 'Positive' in case of substantial and sustained growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial and liquidity profile most likely as a result of higher than envisaged working capital requirements.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	102.73	116.25
PAT	Rs. Cr.	4.71	6.31
PAT Margin	(%)	4.59	5.43
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	5.80	6.84

### 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
21 Jul 2022	Bank Guarantee	Short Term	45.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB+   Stable (Reaffirmed)
22 Apr 2021	Cash Credit	Long Term	20.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Bank Guarantee	Short Term	45.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Proposed Bank Facility	Long Term	13.00	ACUITE BBB+ (Upgraded and Withdrawn)
	Proposed Bank Facility	Short Term	17.00	ACUITE A2 (Upgraded and Withdrawn)
03 Feb 2020	Proposed Cash Credit	Long Term	13.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Bank Guarantee	Short Term	45.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Bank Guarantee	Short Term	17.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Complexity Level</b>	<b>Quantum (Rs. Cr.)</b>	<b>Rating</b>
Bank of Baroda	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	45.00	ACUITE A2   Reaffirmed
Bank of Baroda	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	20.00	ACUITE BBB+   Stable   Reaffirmed

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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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