



**Press Release**  
**BST Infratech Limited**  
**May 31, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	38.00	ACUITE BBB+   Stable   Assigned	-
Bank Loan Ratings	150.00	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	100.00	-	ACUITE A2   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	288.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) and the short-term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.250.00 Cr. bank facilities and has assigned the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs.38.00 Cr. bank facilities of BST Infratech Limited (BSTIL). The outlook remains '**Stable**'.

**Rationale for Rating**

The reaffirmation in the rating takes into account steady improvement in the business risk profile marked by improvement in the operating income and marginal increase in the profitability margins. The operating income of the company stood at Rs.1220.28 Cr. in FY2024 (Prov) as against Rs.1127.38 Cr. in FY2023. The increase in operating income is driven by increased volumes and better price realisation. The operating margins of the company stood at 3.41 percent in FY2024 (Prov) as against 3.18 percent in FY2023 and the PAT margins marginally increased to 0.62 percent in FY2024 (Prov) as against 0.56 percent in FY2023. The rating also takes into consideration the extensive experience of the management in the sector, adequate liquidity and moderate financial risk profile marked by moderate network and moderate gearing. However, these strengths are partially offset by cyclical nature of the steel industry and intensive working capital operations.

**About the Company**

Incorporated in 2007, BST Infratech Limited (BSTIL) is engaged in the manufacturing of mild steel (MS) strips, MS Bars & wire rods, MS/GI Wires, MS & Galvanized Iron (GI) pipes, tubular poles and transmission towers. BSTIL is promoted by Mr. Gopal Kumar Agarwal and Mr. Pradip Kumar Agarwal. The manufacturing unit is located in Asansol (West Bengal) with an installed capacity of 60,000 MTPA for MS strips, 96,000 MTPA for MS/GI pipes, 60,000 MTPA for MS Bars & wire rods, 12,000 MTPA for MS/GI wires, 10,000 MTPA tubular poles and 24,000 MTPA transmission towers.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has taken the standalone view of the business and financial risk profile of BSTIL.

**Key Rating Drivers**

## Strengths

### Long track record of operations and segmental diversification

BST Infratech Limited (BSTIL) has established a long standing presence of around two decades in the manufacturing industry of iron & steel products. BSTIL is supported by the extensive experience of Mr. Gopal Kumar Agarwal and Mr Pradip Kumar Agarwal. The company has achieved segmental divergence and executes EPC contracts relating to installation and supply of power transmission towers along with the manufacturing business. Acuité believes that the experienced management and the established presence of the BSTIL will continue to benefit the company going forward.

### Steady increase in turnover levels and profitability margins coupled with locational advantage

The company had witnessed a revenue growth of around 9 percent in FY2024 (Prov) and has achieved revenues of around Rs.1220.28 Cr. in FY2024 (Prov) as compared to Rs.1127.38 Cr. in FY2023. The increase in operating income is driven by increase both volumes and price realisation. Further, the operating margin stood at 3.41 per cent in FY2024 (Prov) as against 3.18 percent in FY2023. Also the PAT margins improved and stood at 0.62 percent in FY2024 (Prov) as against 0.56 percent in FY2023 and 0.52 percent in FY2022.

Moreover, the company's unit is strategically located at Raniganj, West Bengal, a major steel manufacturing and consuming hub due to its large coal reserves, which provides operational advantage to BSTIL. Further, the clients of the company are largely located in the state of West Bengal resulting in low transportation cost and timely delivery of products. Proximity to both raw materials sources and customers results in significant freight cost reduction and enhanced sales volume.

Acuite believes the scale of operation is likely to improve over the medium term backed by healthy capacity utilization of the company.

### Moderate financial risk profile

The company's financial risk profile is moderate marked by moderate net worth, moderate gearing and modest debt protection metrics. The tangible net worth of the company improved and stood at Rs.115.51 Cr. as on March 31, 2024 (Prov) as against Rs.108.01 Cr. as on March 31, 2023 due to accretion to reserves. Acuité has treated unsecured loans of Rs.23.94 Cr. in FY2024 (Prov) as a part of net worth as the management has undertaken to maintain this amount in the business over the medium term. Gearing of the company stood moderate at 2.02 times as on March 31, 2024 (Prov) as against 1.80 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 3.09 times as on March 31, 2024 (Prov) as against 3.02 times as on March 31, 2023. The modest debt protection metrics of the company is marked by Interest Coverage Ratio at 1.60 times as on March 31, 2024 (Prov) and Debt Service Coverage Ratio at 1.28 times as on March 31, 2024 (Prov) as against 1.73 times and 1.25 times as on March 31, 2023 respectively. Net Cash Accruals/Total Debt (NCA/TD) stood low at 0.06 times as on March 31, 2024 (Prov) and FY2023.

Acuité believes that going forward the financial risk profile of the company will further improve in absence of major debt funded capex plans.

## Weaknesses

### Working capital intensive nature of operations

The working capital nature of operations of the company is intensive marked by modest but improving Gross Current Assets (GCA) of 123 days as on March 31, 2024 (Prov) as against 125 days as on March 31, 2023 primarily on account of high other current assets and moderate inventory period. The high other current assets include retention money which stood at around Rs.40.89 Cr. in FY2022. The inventory holding stood at 74 days as on 31st March, 2024 (Prov) as compared to 79 days as on 31st March, 2023. The average inventory holding period stood around ~70 days. However, the debtor period stood comfortable at 32 days as on March 31, 2024 (Prov) as compared to 34 days as on 31st March 2023. The average credit period allowed to customers is of 30-45 days. Also, the creditor period stood at 35 days in FY2024 (Prov) as against 37 days in FY2023. The average credit period allowed by suppliers is 30-45 days.

Acuité believes that the working capital management will be crucial to the company in order to maintain a healthy risk profile.

### **Cyclical nature of the industry**

The company's performance remains vulnerable to cyclicity in the steel sector as demand for steel depends on the performance of the end user segments such as construction and real estate. Indian steel sector is highly competitive due to the presence of a large number of players. The operating margin of the company is exposed to fluctuations in the prices of intermediate goods as well as realization from finished goods.

### **Rating Sensitivities**

Sustenance of revenue growth and thin profitability margins  
Elongation in the working capital cycle

### **Liquidity Position**

#### **Adequate**

The company's liquidity position is adequate marked by adequate net cash accruals against its maturing debt obligations. The company has net cash accruals in the range of Rs.9.95-13.53 Crore from FY 2022- 2024 (Prov) against its maturing debt obligations in the range of Rs.4.75-5.46 crore in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.14.87-18.09 crore against the maturing repayment obligations of around Rs.4.20-4.90 crore over the medium term. The working capital management of the Company is intensive marked by improved GCA days of 123 days in FY2024 (Prov) as against 125 days in FY2023. The company maintains unencumbered cash and bank balances of Rs.1.71 crore as on March 31, 2024 (Prov). The current ratio stands at 1.27 times as on March 31, 2024 (Prov) as against 1.31 times as on March 31, 2023. The consolidated fund-based limit remained utilized at 94 per cent and consolidated non-fund-based at around 40 percent over 06 months ended March 2024.

Acuite believes that going forward the company will maintain adequate liquidity position due to the gradually improving accruals.

### **Outlook: Stable**

Acuite believes that BSTIL will benefit from the extensive experience of the promoters and the improving scale of operations backed by segmental diversification and locational advantage. The outlook may be revised to 'Positive' if the company significantly scales up its operations while improving its profitability, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' if BSTIL's financial risk profile, particularly its liquidity, weakens most likely because of a substantial increase in its working capital requirements, or in case of decline in the company's revenues or profit margins.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	1220.28	1127.38
PAT	Rs. Cr.	7.62	6.28
PAT Margin	(%)	0.62	0.56
Total Debt/Tangible Net Worth	Times	2.02	1.80
PBDIT/Interest	Times	1.60	1.73

### 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>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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
03 Mar 2023	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	21.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	9.00	ACUITE A2 (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	14.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	25.50	ACUITE A2 (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	23.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	37.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	33.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BBB+   Stable (Reaffirmed)
	Working Capital Demand Loan (WC DL)	Long Term	6.00	ACUITE BBB+   Stable (Reaffirmed)
23 Dec 2021	Working Capital Demand Loan (WC DL)	Long Term	36.00	ACUITE BBB+   Stable (Assigned)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	20.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	14.50	ACUITE A2 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	21.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	37.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	23.00	ACUITE BBB+   Negative (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB+   Negative (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A2   Reaffirmed
Bandhan Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A2   Reaffirmed
UCO Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE A2   Reaffirmed
Indian Bank	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	40.00	ACUITE A2   Reaffirmed
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.00	ACUITE BBB+   Stable   Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	70.00	ACUITE BBB+   Stable   Reaffirmed
Bandhan Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BBB+   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BBB+   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.80	ACUITE BBB+   Stable   Assigned
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	Simple	3.67	ACUITE BBB+   Stable   Assigned
UCO Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2028	Simple	3.42	ACUITE BBB+   Stable   Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2027	Simple	2.79	ACUITE BBB+   Stable   Assigned
Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Dec 2027	Simple	1.77	ACUITE BBB+   Stable   Assigned



Bandhan Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Sep 2028	Simple	1.13	ACUITE BBB+   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	18 May 2028	Simple	15.00	ACUITE BBB+   Stable   Assigned
Bandhan Bank	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE BBB+   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	36.00	ACUITE BBB+   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	6.00	ACUITE BBB+   Stable   Reaffirmed
Indian Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2025	Simple	1.30	ACUITE BBB+   Stable   Assigned
Indian Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2027	Simple	2.12	ACUITE BBB+   Stable   Assigned



## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Siddharth Shah Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:siddharth.shah@acuite.in">siddharth.shah@acuite.in</a>	Varsha Bist Associate Vice President-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.