

Press Release

BTL EPC Limited
May 30, 2022



Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	100.30	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	262.70	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	363.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs.363.00 Cr bank facilities of BTL EPC Limited (BTL). The outlook remains '**Stable**'.

The rating reaffirmation on BTL takes cognizance of company's strong business risk profile marked by long track record, continued order flow providing comfortable revenue visibility and consistent focus on higher margin orders leading to steady improvement in profitability levels, thereby enhancing the cash accruals of the company. The rating is further supported by the above average financial risk profile of the company characterized by healthy networth, comfortable gearing and moderate debt protection metrics. These strengths are however, partly offset by the working capital intensity of the business, high customer concentration, and susceptibility of profitability due to volatility in input prices.

About the Company

Incorporated in 1966, BTL EPC Limited is a Kolkata based company engaged in manufacturing of engineering items like industrial knives, spares for thermal power plants, material handling system, heavy fabrication of mild steel, stainless steel, aluminium and various defense products. Further, BTL has forayed into EPC/turnkey projects implementation space in 2006 and executes turnkey contracts of material handling plants, process plants and various equipment and technological steel structures for infrastructure projects. BTL is also involved in assembling of power tillers (agricultural equipment). From 2014 onwards, the company has also ventured in power transmission. BTL has four manufacturing facilities located in Kolkata and Durgapur in West Bengal. The company is the flagship company of the Shrachi group and is promoted by Mr. Ravi Todi, who looks after the day to day operations of the company.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of BTL to arrive at the rating.

Key Rating Drivers

Strengths

Long experience of promoters

The company has a long track record of around four decades in the manufacturing of engineering items and two decades in the execution of EPC project. The company initially started with manufacturing of engineering products in 1966. Over the years, the company has successfully diversified its business into EPC and agro division. The company is promoted by Mr. Ravi Todi, who looks after the day to day operations of the company. The board of directors comprises of six directors and the directors are ably supported by a strong and experienced line of mid-level professional managers. Acuité believes that the vast experience of the promoter and the long track record has enabled the company to build strong relationship with customers as well as suppliers, resulting in continued order flow from customers.

Diversified and reputed customer base buoyed by efficient project execution

The company has a healthy unexecuted order book position to the tune of about Rs.1073.00 Cr as on 31st Mar, 2022, which will be executed in the next three years, thereby providing strong revenue visibility. The company's order book consist of majority of orders from reputed public sectors entities like BHEL, SAIL, NTPC Limited, Indian Oil Corporation Limited, Coal India Limited, Kribhco Fertilizers and Hindustan Urvarak & Rasayan Limited. The company has substantial orders from BHEL constituting 53 percent of total unexecuted orders. The projects are for Pan India and include work like assembling of conveyors & conveyor spares, EPC contract for bulk Material Handling, Coal and Chemical Handling, Defense and Engineering, water and power transmission etc. Material handling work comprises around 84 percent of the total order value followed by water segment. Since 2014, BTL has further diversified its business by venturing into Power Transmission and execute orders for Power Transmission Corporation of Uttarakhand Limited (PITCUL).

Projects worth Rs.164 crore were fully completed and closed during the year. This has improved the company's project execution record and will allow them to bag more orders in future. New Orders worth around Rs.500 Cr was bagged during last 12-14 months. Importantly, a sizeable tender of Rs.317 crore received from NTPC Ltd. in Dec-21. Acuité believes that the efficient execution capability and established relationships with reputed clients will benefit the company going forward.

Above average financial risk profile

The company's above average financial risk profile is marked by healthy networth, comfortable gearing and moderate debt protection metrics. The tangible net worth of the company improved to Rs.217.61 Cr as on 31st March, 2022 (Prov.) from Rs.208.15 Cr as on 31st March, 2021 due to healthy accretion to reserves. Gearing of the group decreased to 0.49 times as on March 31, 2022 (prov.) as against 0.52 times as on March 31, 2021. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) reduced to 1.31 times as on March 31, 2022 (prov.) as against 1.14 times as on March 31, 2021. The strong debt protection metrics of the group is marked by Interest Coverage Ratio at 1.72 times and Debt Service Coverage Ratio (DSCR) at 1.51 times as on March 31, 2022 (prov.). NCA/TD stood at 1.10 times in FY2022 (prov.). Going forward, Acuité believes that the financial risk profile of the company will remain at similar levels 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 marked by high Gross Current Asset (GCA) of 333 days in FY2022 (prov.) as compared to 361 days in FY2021 due to high debtor days which stood at 166 days in FY2022 (prov.). The debtor period has however decreased from 178 days in FY2021 due to better collection mechanism of the company as a result of registration in TREDs which has helped in faster realization of bills. The inventory days stood efficient at 62 days in FY2022 (prov.) compared to 58 days in FY2021. Acuité believes that the

working capital management of the company will improve yet remain intensive over the medium term as the funds remain blocked in retention money and collection period is usually delayed with PSUs.

Rating Sensitivities

- Any deterioration in the working capital metrics
- Growth in scale of operations
- Reduction in order flow

Material covenants

None

Liquidity Position: Adequate

The company's liquidity position is adequate marked by estimated net cash accruals of around Rs.11.00 Cr in FY2022 (prov.) as against long term debt repayment of Rs.1.11 Cr over the same period. The current ratio of the company has improved and is comfortable at 1.44 times as on March 31, 2022 (prov.). The fund based limit remained utilised at 89 per cent over the six months ended Mar, 2022. In addition, Bank Guarantee worth Rs.20 Cr were released from clients through old project closures & value reduction in few BGs and the same will enable the company to bid for fresh orders. Acuite believes that going forward the company's liquidity position will improve due to enhanced net cash accruals.

Outlook: Stable

Acuite believes that the outlook on BTL will remain 'Stable' over the medium term on account of its experienced management, strong relationship with reputed customers, long execution track record and healthy order book position. The outlook may be revised to 'Positive' in case the company registers any significant improvement in its scale of operations or working capital metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the liquidity position or delay in completion of its projects or further deterioration in its working capital cycle.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	312.41	249.05
PAT	Rs. Cr.	3.99	2.72
PAT Margin	(%)	1.28	1.09
Total Debt/Tangible Net Worth	Times	0.52	0.51
PBDIT/Interest	Times	1.67	1.30

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

- CARE, vide its press release dated Jul 12, 2021 had denoted the rating of BTL EPC Limited as 'CARE B+/Stable/A4; Withdrawn, Issuer Not Cooperating'.

Any other information

Not Applicable

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

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Jul 2021	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	59.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	51.00	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	31.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	33.00	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	26.00	ACUITE BBB- Stable (Reaffirmed)
	Proposed Bank Guarantee	Short Term	75.20	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	27.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.80	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	20.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	6.00	ACUITE A3 (Reaffirmed)
30 Jun 2021	Proposed Bank Guarantee	Short Term	25.20	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee	Short Term	59.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Letter of Credit	Short Term	6.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Term Loan	Long Term	0.80	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	5.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Bank Guarantee	Short Term	20.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Bank Guarantee	Short Term	31.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	1.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Bank Guarantee	Short Term	27.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	10.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Letter of Credit	Short Term	10.00	ACUITE A3 (Upgraded from ACUITE A4+)

20 Jan 2021	Cash Credit	Long Term	51.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Letter of Credit	Short Term	33.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Cash Credit	Long Term	26.00	ACUITE BBB- Stable (Upgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	10.00	ACUITE BB+ Stable (Assigned)
	Proposed Bank Guarantee	Short Term	20.20	ACUITE A4+ (Assigned)
	Term Loan	Long Term	0.80	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	31.00	ACUITE A4+ (Assigned)
	Term Loan	Long Term	1.00	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	59.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	6.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Assigned)
	Letter of Credit	Short Term	33.00	ACUITE A4+ (Assigned)
	Bank Guarantee	Short Term	27.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	26.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	51.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE BB+ Stable (Assigned)
	Bank Guarantee	Short Term	20.00	ACUITE A4+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
State Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	38.00	ACUITE A3 Reaffirmed
Canara Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	27.00	ACUITE A3 Reaffirmed
IDBI Bank Ltd.	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	59.00	ACUITE A3 Reaffirmed
Punjab National Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE A3 Reaffirmed
Karnataka Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	12.00	ACUITE A3 Reaffirmed
Karnataka Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BBB- Stable Reaffirmed
State Bank of India	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	49.00	ACUITE BBB- Stable Reaffirmed
Canara Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE BBB- Stable Reaffirmed
IDBI Bank Ltd.	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	26.00	ACUITE BBB- Stable Reaffirmed
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	ACUITE BBB- Stable Reaffirmed
IDBI Bank Ltd.	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A3 Reaffirmed
State Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	33.00	ACUITE A3 Reaffirmed
Punjab National Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE A3 Reaffirmed
Not Applicable	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	57.70	ACUITE A3 Reaffirmed
Canara Bank	Not Applicable	Term Loan	Not available	Not available	Not available	1.50	ACUITE BBB- Stable Reaffirmed
							ACUITE

Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	0.80	BBB- Stable Reaffirmed
----------------------	----------------	-----------	---------------	---------------	---------------	------	----------------------------

Contacts

Analytical	Rating Desk
Pooja Ghosh Head-Rating Operations Tel: 022-49294041 pooja.ghosh@acuite.in Sonal Modi Senior Analyst-Rating Operations Tel: 022-49294065 sonal.modi@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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) for the latest information on any instrument rated by Acuité.