



**Press Release**  
**BHILAI ENGINEERING CORPORATION LIMITED**  
**June 16, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	148.29	ACUITE D   Reaffirmed	-
Bank Loan Ratings	347.46	-	ACUITE D   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	495.75	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating and short term rating of '**ACUITE D'(read as ACUITE D)** on Rs. 495.75 Cr. bank facilities of Bhilai Engineering Corporation Limited (BECL).

**Rationale for Rating**

the rating reaffirmation takes into cognizance that there were delays in servicing the debt obligations as confirmed by one of the lenders in the past 12 months ended April 2025.

The rating reflects liquidity constraints impacting the company's operations, resulting in delays in servicing debt obligations. The company has experienced a decline in the scale of operations, leading to losses in EBITDA and PAT during FY25 (Prov.). Additionally, engineering unit was closed due to the company's inability to infuse funds for their continued operation and search for a potential buyer for its fertilizer division in Pulgaon. The financial risk profile remained as below average, backed by decline in net worth and a moderate capital structure. The working capital cycle remains intensive. The liquidity is poor as cash accruals were insufficient to meet debt obligations but the same was repaid through infusion of funds by promoters.

**About the Company**

Incorporated in 1960, Bhilai Engineering Corporation Limited (BECL) is based in Bhilai (Chhattisgarh) and is headed by Mr. Veenu Jain, Mr. Arvind Kumar Jain, Mr. Ashish Jain and Ms. Geetika Jain. The company has a diversified business and is engaged in engineering, procurement & construction (EPC), foundry operations, manufacturing of fertilizers, agro-inputs and processed foods.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of BECL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and long track record of operations**

BECL has been in operation for over sixty years. The promoters' extensive experience and longstanding track record have helped build strong relationships with key suppliers and reputable customers. While the company serves a mix of government and private entities across all states but its export activities are minimal. BECL also imports raw materials for fertilizers.

**Weaknesses**

**Decline in scale of operations**

The operating income stood at Rs.838.83 Cr. in FY25 (Prov.) as against Rs.835.83 Cr. in FY24. The revenue remained on similar levels because of the project-based business. The order book in hand as of June 2025 consists mainly of long-term projects. It takes around minimum 9 months to 36 months to fulfil the orders. The revenue is generated mainly from EPC followed by Foundry and Fertilizers during FY25.

The EBITDA margin stood at (0.75) % in FY25 (Prov.) as against 6.17% in FY24. The company has notified the Labour Department of Chhattisgarh regarding the closure of its Engineering unit effective from 30<sup>th</sup> July 2024 due to its inability to infuse funds to run this unit. The assets of the unit are being purchased by Lloyds Engineering Works Limited expected to be sold by the end of September 2025. The EBITDA loss was due to increased fixed costs as engineering division is not yet closed. The company is also in search of a potential buyer for the Pulgaon unit of fertilizers. Once these are sold, the major costs will be reduced. The PAT margin stood at (4.59) % in FY25 (Prov.) as against 0.35% in FY24 due to high interest rates.

#### **Below average financial risk profile**

The financial risk profile of the company remained below average marked by low net worth, moderate gearing and low debt protection metrics. The net worth of the company stood at Rs.211.12 Cr. as on 31<sup>st</sup> March FY25 (Prov.) as against Rs.247.31 Cr. as on 31 March 2024 due to losses. The gearing stood at 0.73 times as on 31 March 2025 (Prov.) as against 0.73 times as on 31 March 2024. The company is also applying for term debt in FY26 for purchasing machines. The interest coverage ratio and DSCR stood moderate at 0.14 times and 0.15 times respectively for FY2025 (Prov.). Acuite believes that the financial risk profile of the company will continue to remain below average due to weak debt protection metrics over the medium term.

#### **Intensive working capital cycle**

The working capital cycle of the company remained intensive marked by Gross Current Assets (GCA) of 256 days in FY25 (Prov.) as against 215 days in FY24. The debtor period stood at 119 days in FY25 (Prov.) as against 105 days in FY2024. The payment is received on milestone basis. Further, the inventory holding stood at 76 days for FY2025 (Prov.) as against 78 days for FY2024. High inventory is due to the execution of long lead projects. As against, the creditor days stood at 21 days in FY25 (Prov.) as against 106 days in FY24. The credit terms with suppliers are 90 days with Letter of Credit (LC) and 30 days without LC. Acuite believes the working capital cycle will remain intensive.

#### **Rating Sensitivities**

Timely servicing of debt obligations

#### **Liquidity Position**

##### **Poor**

The liquidity is poor marked by negative cash accruals of Rs. (29.99) Cr. against debt repayment of Rs.2.94 Cr. during FY25 (Prov.) but the same is met through infusion of funds by promoters. The unsecured loans stood at Rs.42.17 Cr. in FY25 (Prov.) as against Rs.19.67 Cr. in FY24. The cash and bank balances stood at Rs.0.18 Cr. in FY25 (Prov.) as against 3.03 times in FY24. The average bank limit utilization is ~95%. The working capital cycle of the company remained intensive marked by Gross Current Assets (GCA) of 256 days in FY25 (Prov.) as against 215 days in FY24. The current ratio stood moderate at 1.54 times in FY25 (Prov.) as against 1.42 times in FY24. Acuite believes that the liquidity of the company is expected to remain poor due to insufficient cash accruals against repayment.

#### **Outlook: Not Applicable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	838.83	835.83
PAT	Rs. Cr.	(38.49)	2.94
PAT Margin	(%)	(4.59)	0.35
Total Debt/Tangible Net Worth	Times	0.73	0.73
PBDIT/Interest	Times	0.14	1.42

**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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
20 Mar 2024	Letter of Credit	Short Term	38.50	ACUITE D (Downgraded from ACUITE A4)
	Letter of Credit	Short Term	32.00	ACUITE D (Downgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	0.86	ACUITE D (Downgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	216.00	ACUITE D (Downgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	16.31	ACUITE D (Downgraded from ACUITE A4)
	Bank Guarantee (BLR)	Short Term	10.26	ACUITE D (Downgraded from ACUITE A4)
	Cash Credit	Long Term	35.02	ACUITE D (Downgraded from ACUITE B   Stable)
	Cash Credit	Long Term	46.10	ACUITE D (Downgraded from ACUITE B   Stable)
	Cash Credit	Long Term	25.00	ACUITE D (Downgraded from ACUITE B   Stable)
	Cash Credit	Long Term	10.88	ACUITE D (Downgraded from ACUITE B   Stable)
	Working Capital Term Loan	Long Term	1.39	ACUITE D (Downgraded from ACUITE B   Stable)
	Working Capital Term Loan	Long Term	3.27	ACUITE D (Downgraded from ACUITE B   Stable)
	Covid Emergency Line.	Long Term	5.11	ACUITE D (Downgraded from ACUITE B   Stable)
	Letter of Credit	Short Term	55.05	ACUITE D (Downgraded from ACUITE A4)
	Proposed Long Term Bank Facility	Long Term	44.88	ACUITE Not Applicable (Withdrawn)
30 Dec 2022	Letter of Credit	Short Term	38.50	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	32.10	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	55.05	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	0.86	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	216.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	16.31	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	35.02	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	46.00	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	34.65	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Cash Credit	Long Term	10.88	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Working Capital Term Loan	Long Term	1.39	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Working Capital Term Loan	Long Term	6.00	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)
	Proposed Long Term Bank Facility	Long Term	44.87	ACUITE B   Stable (Downgraded from ACUITE B+   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.86	Simple	ACUITE D   Reaffirmed
Central Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	216.00	Simple	ACUITE D   Reaffirmed
UCO Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE D   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.02	Simple	ACUITE D   Reaffirmed
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE D   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE D   Reaffirmed
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE D   Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	02 Mar 2021	Not avl. / Not appl.	15 Jul 2026	2.48	Simple	ACUITE D   Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.50	Simple	ACUITE D   Reaffirmed
Central Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.10	Simple	ACUITE D   Reaffirmed
UCO Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE D   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.88	Simple	ACUITE D   Reaffirmed
UCO Bank	Not avl. / Not appl.	Stand By Line of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE D   Reaffirmed
UCO Bank	Not avl. / Not appl.	Working Capital Term Loan	16 Feb 2021	Not avl. / Not appl.	16 Jan 2026	1.28	Simple	ACUITE D   Reaffirmed
IDBI Bank Ltd.	Not avl. / Not appl.	Working Capital Term Loan	24 Mar 2021	Not avl. / Not appl.	24 Feb 2026	1.63	Simple	ACUITE D   Reaffirmed

## Contacts

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