Press Release

Batliboi Limited
March 17, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.35	ACUITE BBB- | Stable | Upgraded	-
Bank Loan Ratings	28.15	-	ACUITE A3 | Upgraded
Total Outstanding Quantum (Rs. Cr)	52.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long term rating to **'ACUITÉ BBB-' (read as ACUITE Triple B minus)** from '**ACUITÉ BB' (read as ACUITE Double B)**and short term rating to **'ACUITE A3' (read as ACUITE A three)**from **'ACUITE A4+' (read as ACUITE A four plus)**on the Rs.52.50 Cr. bank facilities of Batliboi Limited (BL). The outlook is '**Stable**'.

Rationale for Rating Upgrade

The rating upgradation considers improvement in the financial and liquidity risk profile of the group on the back of equity infusion in FY25 and expected improvement in the scalability andstrengthening of the business risk profile of the group on the back of the merger of its related entity, i.e. Batliboi Environmental Engineering Limited (BEEL) in March 2025. Further, the rating also draws strength from long operations track record, experienced management and steady improvement in the operating performance of the group. However, the rating strengths are offset by working capital intensive operations of the group and cyclicality in the end user industries.

About the Company

Incorporated in 1892 in Mumbai, Batliboi Limited is promoted by the Bhogilal family. The company went public in 1988. As on date, the company has its equity shares listed on BSE. The company is primarily in the manufacturing of Machine Tools, Air Engineering, Textile Machinery Environmental Engineering, Wind Energy, etc. The manufacturing facility is in Surat, Gujarat, whilst the company is headquartered in Mumbai, Maharashtra. The machine tools division manufactures conventional and computer numerical controlled machines. The textile engineering division provides equipment and designs for climate control in textile manufacturing units. Directors of the Company are Mr Aditya Tarachand Malkani, Mr Binoy Sandip Parikh, Mr Jai Shishir Diwanji, Mr. Nirmal Pratap Bhogilal, Miss. Sheela Nirmal Bhogilal, Mr. George Verghese, Mr. Kabir Nirmal Bhogilal and Mr. Sanjiv Harischandra Joshi.

Batliboi Environmental Engineering Limited (BEEL), a related entity, is going to merge into Batliboi Limited by end of March 2025 as a division. BEEL is incorporated in the year 1959 and engaged inmanufacturing of air pollution control equipment and industrial fans.

About the Group

Quickmill Inc. is a wholly own subsidiary of Batliboi Limited was acquired by the company in 2007 and is headquartered in Peterborough, Ontario, Canada is engaged in the design, manufacture, sales and service of a line of large sized Gantry Drilling and Milling machines globally. Customers are mainly from Energy, Heat Transfer, Steel Service sectors, large Industrial machinery manufacturers and job shop manufacturing sectors.

760 Rye Street Inc is a wholly owned subsidiary of Batliboi Limited and was acquired by the company in 2007 and is headquartered in Peterborough, Ontario, Canada. The company owns the land of the facilities of Quickmill Inc.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Batliboi Limited and its subsidiaries namely Quickmill Inc. and 760 Rye Street Inc., to arrive at this rating. The consolidation is on account of common management, a similar line of business, and financial linkages.

Key Rating Drivers

Strengths

Experienced Management and long Operational track record of the group

Batliboi was established in 1892, after which, the company was incorporated as Batliboi Limited (BL) in 1941. Thus, the vintage of the company is more than a century. BL has setup the manufacturing plant near Surat, Gujarat. The Company is primarily manufacturing machine tools for metal cutting and textile air engineering. The promoters of the company have been in the machine tools manufacturing and textile machinery manufacturing for more than six decades. Further, the company is planning to incur capex for technological upgradation to its existing facilities, so as to increase the installed capacity from approx. 25 machines per month to 30-35 machines per month. Acuité believes, extensive experience of management and long operational track record would help the group to maintain healthy relations with customers and suppliers.

Merger of Batliboi Environmental Engineering Limited (BEEL) into Batliboi Limited

BEEL incorporated in the year 1959, is engaged in the two business segments: air pollution control equipment and industrial fans. The management is going to merge BEEL with the Batliboi Limited and to make it a division of the company by end of March 2025, the SEBI approval for the same is already in place. The merger will benefit the company by increasing the scope of the business by adding two new business segments and thereby improving the scalability. Acuité believes, the merger will bring in positive synergies for business as well as to help improve the operating income and profitability of Batiliboi Limited in the medium to long term.

Steady improvement in the operating performance with an expected scalability on the back of the merger

BL reported Rs.291.25 Cr. of revenue in FY2024 as against Rs.256.97 Cr. in FY2023. The operating margin stood at 7.41 percent as on FY2024 as against 7.67 percent as on FY2023. The PAT margins of the BL stood at 3.15 per cent in FY2024 as against 4.11 percent in FY2023. In the 9MFY2025, Group has reported Rs.226.31 Cr. of the revenue in 9MFY2025. BEEL reported revenue of Rs. 141.32 Cr. in FY2024 as against Rs. 136.36 Cr. in FY2023. In 9MFY2025, BEEL reported revenue of Rs. 80.17 Cr. Post merger of BEEL, the scale of operations of the group would increase to ~ Rs. 400.00 Cr. in FY2025 with EBITDA margins in the range of 7 – 8 per cent. Acuite believes, the operating performance of the group would improve steadily in the medium to long term.

Above-average financial risk profile

The BLs financial risk profile is above average, marked by healthy gearing ratios, moderate debt protection metrics and high Net worth. The net worth of the group stood at Rs.145.92 Cr. as on March 31, 2024, against Rs.136.02 Cr. in the March 31, 2023. The improvement in net worth is majorly due to accretion in profits. BL has infused equity of Rs. 59.75 Cr. in April 2024 by the way of private placement on preferential basis. The Face Value of share is around Rs. 5 per share and the share premium is of Rs. 108.5 per share. The funds will be used for various capex plans including the plan of factory modernization which will cost around Rs. 20.38 Cr. and captive solar power plant which will cost around Rs. 4.00 Cr and the rest would be park for business growth purposes and strategic investments. The total debt of Rs.79.81 Cr. as on March 31, 2024, consists of long-term debt of Rs.16.88 Cr, unsecured loans from directors of Rs.41.59 Cr, Short term debt of Rs.13.85 Cr. and CPLTD of Rs.7.50 Cr. The debt- equity ratio is remained low and stood at 0.55 times as on 31 March 2024 as against ---times as on 31 March 2023. TOL/TNW (Total outside liabilities/Total net worth) stood at 1.19 times as on 31 March 2024 against 1.12 times in the previous year. The Debt- EBITDA of the group stood at 3.50 times as on March 31, 2024, as against 3.66 times as on March 31, 2023. NCA/TD (Net cash accruals to total debt) stands stable at 0.17 times in FY2024 as against 0.20 times in FY2023. The group has above average debt protection metrics with Interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 4.70 times and 3.05 times respectively in FY2024 as against 3.92 and 1.26 times respectively in the previous year.

Acuite believes, the financial risk profile of the group would remain above average in the near to medium term on account of absence of debt funded capex plans.

Weaknesses

Intensive Working Capital Operations

The Company's working capital operations are moderately intensive with the GCA Days being 128 days as on March 31, 2024 compared to 103 days as on March 31, 2023 owing to high debtor days and inventory days. The debtor days are moderate and stood at 48 days as on March 31, 2024 as against 45 days as on 31st March 2023. The inventory days improved and stood at 61 days as on March 31, 2024 as against 51 days as on March 2023. The creditors days are elevated and stood at 83 days as on March 31, 2024 as against 65 days as on March 31, 2023. Further, the working capital limits have been moderately utilized at around 40.96 percent in the last 9 months ending December 2024. Acuité believes that working capital operations continue to remain moderately intensive considering the nature of business.

Cyclicality in the end user industries and Intense competition in industry

Batliboi continues to face stiff competition from domestic players in the standardised machinery segment and from imports in case of high value-added Specialised and customised products, which limit its pricing flexibility and margins to an extent. Further, the company's margins remain susceptible to fluctuations in raw material price as its orders are fixed price in nature. Its major raw materials include steel and steel components. Also, any volatility in the end user industries or any changes in the capital expenditure plans likely to impact Batliboi's operating performance to an extent.

Rating Sensitivities

- Significant growth in revenues and profitability post merger
- Stretch in the working capital cycle leading to increase in working capital borrowing.
- Deterioration in the financial risk profile and stretch in liquidity position.

Liquidity Position

Adequate

The liquidity profile of the company remains adequate marked by sufficient generation of net cash accruals in FY2024 to its maturing debt obligations. It has generated cash accruals in the range of Rs.13.18 Cr. during year ending March 31, 2024 as against its long term debt obligations of Rs.1.06 Cr. for the same period. The NCA/TD improved to 0.17 times in FY2024 from 0.20 times in FY2023. The current ratio of Batliboi is 1.09 times. Further, the company has moderate reliance on short term bank borrowings with an average utilization of more than 40.96% for 9 months ended December 2024.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	291.25	256.97
PAT	Rs. Cr.	9.16	10.56
PAT Margin	(%)	3.15	4.11
Total Debt/Tangible Net Worth	Times	0.55	0.55
PBDIT/Interest	Times	4.70	3.92

Status of non-cooperation with previous CRA (if applicable)
Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)
Not applicable

Any Other Information
None

Applicable Criteria
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.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. 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Dec 2023	Letter of Credit	Short Term	15.60	ACUITE A4+ (Upgraded from ACUITE A4)
	Letter of Credit	Short Term	11.90	ACUITE A4+ (Upgraded from ACUITE A4)
	Letter of Credit	Short Term	5.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Cash Credit	Long Term	7.50	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
	Cash Credit	Long Term	3.00	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
	Cash Credit	Long Term	2.50	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
	Cash Credit	Long Term	5.00	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
	Cash Credit	Long Term	0.60	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
	Cash Credit	Long Term	1.40	ACUITE BB | Stable (Upgraded from ACUITE B+ | Stable)
03 Apr 2023	Letter of Credit	Short Term	15.60	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	11.90	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A4 (Assigned)
	Cash Credit	Long Term	7.50	ACUITE B+ | Stable (Assigned)
	Cash Credit	Long Term	3.00	ACUITE B+ | Stable (Assigned)
	Cash Credit	Long Term	2.50	ACUITE B+ | Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE B+ | Stable (Assigned)
	Cash Credit	Long Term	0.60	ACUITE B+ | Stable (Assigned)
	Cash Credit	Long Term	1.40	ACUITE B+ | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.40	Simple	ACUITE A3 | Upgraded (from ACUITE A4+)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.85	Simple	ACUITE BBB- | Stable | Upgraded (from ACUITE BB)
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.60	Simple	ACUITE BBB- | Stable | Upgraded (from ACUITE BB)
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.50	Simple	ACUITE BBB- | Stable | Upgraded (from ACUITE BB)
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.90	Simple	ACUITE BBB- | Stable | Upgraded (from ACUITE BB)
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.15	Simple	ACUITE A3 | Upgraded (from ACUITE A4+)
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.60	Simple	ACUITE A3 | Upgraded (from ACUITE A4+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.50	Simple	ACUITE BBB- | Stable | Upgraded (from ACUITE BB)

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	Quickmill Inc. – Canada
2	760 Rye Street Inc. – Canada
3	Batliboi Limited

Contacts

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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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