



**Press Release**  
**BAPL ROTOTECH PRIVATE LIMITED**  
**April 05, 2024**

**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	40.00	ACUITE A-   Stable   Assigned	-
Bank Loan Ratings	75.00	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	25.00	-	ACUITE A2+   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	140.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE A-** (read as **ACUITE A minus**)' and the short-term rating of '**ACUITE A2+** (read as **ACUITE A two plus**)' on the Rs. 100.00 Cr. bank facilities of BAPL Rototech Private Limited (BRPL). Acuite has assigned long-term rating of '**ACUITE A-** (read as **ACUITE A minus**)' on the Rs. 40.00 Cr. bank facilities of BAPL Rototech Private Limited (BRPL). The outlook is '**Stable**'.

**Rationale for reaffirmation**

The rating reaffirmation factors in BRPL's stable market position in the auto component segment and its strong foothold in the commercial vehicle segment, supported by the strong parentage. The ratings take into account the augmentation in the revenues in FY23 and healthy growth expected in FY24 (24-25% over FY23). The ratings also consider the company's healthy financial risk profile marked by comfortable capital structure and strong coverage indicators. Going forward, the financial risk profile is expected to remain strong. The ratings are however, constrained by the susceptibility to volatility in raw material prices along with high customer concentration. Nonetheless, the customer profile remains reputed and company is in process of expanding its capacity that would help it to diversify its customer base to an extent. The ratings also take into account the working capital intensive nature of the operations. Acuite notes that the company's revenues and earnings are susceptible to the inherent cyclicity of the domestic CV industry.

**About the Company**

Incorporated on August 20, 2015, BAPL Rototech Private Limited (BRPL) is a Joint Venture between Welspun BAPL Private Limited (erstwhile Plastauto Private Limited) and Rototech SRL, Italy. The company specializes in design, development, production, and supply of automotive fuel tank and AdBlue tank. The company is a leading manufacturer of plastic fuel tanks, diesel exhaust fluid (DEF), urea tanks, adblue tanks and CV exterior parts fender, mud guards, snorkels etc. using roto moulding and blow moulding technology, catering the needs of the automotive industry in commercial vehicle (CV) segment in India. The company possess an extensive pan-India manufacturing footprint with 3 strategically located unit across the country at Pithampur, Jamshedpur and Pune respectively. Further, the company in process of setting up a plant in Pantnagar in Uttarakhand.

## About the Group

The company is a subsidiary of Welspun BAPL Private Limited that is a part of the Welspun Group, with 100 per cent of the stake being held by trustee Mr. B.K. Goenka on behalf of the Welspun Group Master Trust. Welspun Group, promoted by Mr. Balkrishnan G Goenka and Mr. Rajesh R Mandawewala since 1985, is headquartered in Mumbai and has presence across varied business segment such as Home Textiles, Line Pipes, Infrastructure, Steel, Oil & Gas, Retail and Flooring Solutions.

## Unsupported Rating

Not Applicable.

## Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of BRPL to arrive at the rating. While arriving at the rating of BRPL, Acuité has taken into account a strong level of support from the Welspun group given that Welspun BAPL Private Limited (WBPL) has 70 per cent stake in BRPL.

## Key Rating Drivers

### Strengths

#### Strong parentage

Welspun Group holds over 70 per cent stake in BRPL through Welspun BAPL Private Limited (100 per cent of the stake being held by trustee Mr. B.K. Goenka on behalf of the Welspun Group Master Trust) and the balance is held by the Rototech Group, Italy. BRPL is likely to benefit from the strong reputation and financial flexibility of the Welspun Group, besides the extensive experience of its management team. Acuité also expects the group to extend need-based support to BRPL going forward.

#### Augmentation in scale along with improvement in the profitability

The company reported healthy growth in revenues to Rs. 257.12 Cr. in FY23 and Rs. 247.05 Cr. in 9MFY2024 compared to Rs.160.41 Cr. in FY22, followed by a rapid recovery auto components business after the pandemic shock and the government's planned increase in infrastructure spending which helped sustain an improvement in fleet utilisation, thereby registering a y-o-y growth of 60.28 per cent in FY23. In the current fiscal, the company is expected to book revenues of Rs. 318 to 320 Cr. registering a 24-25% growth over FY2023. In FY2023, the company reported OPBDITA margin of 12.63 per cent increased from 11.32 per cent owing to economies of scale, increase in average selling price and cooling down of key RM prices like steel during the H2FY23. In 9MFY2024 (provisional financial), the EBDITA margin improved further to 14.6 per cent. In line with the improved OPBDITA, the PAT margin also improved to 7.07 per cent in FY23 as compared to 5.33 per cent in FY22. The ROCE levels stood at a comfortable level of about 31.75 per cent in FY2023 as against 22.73 per cent in FY2022, benefitting from the healthy profitability and asset-light nature of the business.

#### Healthy financial risk profile

The company's healthy financial risk profile is marked by healthy networth base, moderate gearing and strong debt protection metrics. The tangible net worth of the company improved to Rs. 46.87 Cr. as on March 31, 2023 from Rs. 28.37 Cr. as on March 31, 2022 due to accretion of reserves. The gearing improved to 1.14 times as on March 31, 2023 from 1.41 times as on March 31, 2022 even though the company's total debt increased which mainly comprised of the lease liability. The lease obligation increased to Rs 15.70 Cr. in FY23 from Rs. 7.42 Cr. in the previous year with simultaneous increase in right to use assets. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 2.61 times as on March 31, 2023 as against 2.57 times as on March 31, 2022. The strong debt protection metrics of the company is marked

by Interest Coverage Ratio at 14.75 times and Debt Service Coverage Ratio at 7.48 times as on March 31, 2023. The surge in earnings in FY2023 and high accruals along with limited repayment obligation led to further improvement in the credit metrics. Net Cash Accruals/Total Debt (NCA/TD) improved to 0.46 times as on March 31, 2023. The company has capex plans towards the expansion of the existing capacity along with setting up a new plant at Pantnagar Uttarakhand. This will result in a capital outlay of Rs. 60 Cr. which is to be funded through term loan (sanctioned and partially disbursed) and remaining through the internal accruals. The company has disbursed a term loan of Rs. 2.50 Cr. in the current fiscal and remaining is to be disbursed in FY2025. Acuité believes despite an increase in the borrowings, the company's capital structure and coverage metrics are likely to remain comfortable going forward.

## **Weaknesses**

### **Working capital intensive nature of operation**

The working capital intensity of the company has remained high in FY23, marked by high Gross Current Assets (GCA) of 146 days in 31st March 2023 as compared to 148 days on 31st March 2022. The inventory holding stood moderate at 60 days in FY23 as compared to 59 days in FY22, as the company maintains adequate inventory to timely cater to customer orders and address any logistics issues. The management plans to improve the working capital cycle. The debtor days also stood moderate at 72 days as on March 31, 2023, as the company offers ~60 days of credit period to key customers like Tata Motors, Cummins and Vovlo who contribute ~87 per cent of the total revenue. The company is also exposed to the high customer concentration risk that makes it vulnerable to demand from these customers. Nonetheless, the company is in process of expanding its capacity and diversifying its customer profile.

### **Profitability susceptible to macro-economic factors, industry cyclicality and raw material prices**

The automobile industry is subjected to macro-economic headwinds emanating from inflationary pressure and economic slowdown. Economic downturns impact consumer spending on discretionary items, and hence slowdown in economic activity can impact industry sales and thus impact the company. Raw materials and components prices constituting more than 70 per cent of revenues are directly influenced by international commodity prices. However, Acuité believes the risk is mitigated to some extent as the increase in raw material prices are passed on to end customers, although with a lag.

## **Rating Sensitivities**

Any material decline in market share due to increased competition and entry of new players  
Substantial decline in the revenues and profitability leading to deterioration of the key financial credit metrics

## **Liquidity Position**

### **Adequate**

BRPL's adequate liquidity is supported by healthy retained cash flows and cash & cash equivalents. The company had a repayment obligation of Rs. 1.33 Cr. in FY23 against net cash accruals of Rs. 24.45 Cr. as on March 31, 2023. BRPL has cash and cash equivalents of over ~Rs 31 Cr. as on March 31, 2023. Current ratio stood moderate at 1.17 times as on 31st March 2023. Going forward, the company is expected to generate annual cashflows in range of Rs. 33 to 45 Cr. which would comfortably service its annual repayment obligation of ranging Rs. 1.97 to 9.66 Cr. in the next three years. Further, the Welspun group will continue to provide strong financial flexibility and need-based financial support.

## **Outlook: Stable**

Acuité believes that BRPL will continue to benefit over the medium term due to its experienced management, strong parentage and operational support from Welspun group.

The outlook may be revised to 'Positive', in case of higher- than-expected revenues and profitability, while maintaining its capital structure. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected revenues and profitability or any significant stretch in its working capital management or larger-than-expected debt-funded capital expenditure leading to deterioration of its financial risk profile and liquidity.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	257.12	160.41
PAT	Rs. Cr.	18.17	8.55
PAT Margin	(%)	7.07	5.33
Total Debt/Tangible Net Worth	Times	1.14	1.41
PBDIT/Interest	Times	14.75	12.45

### 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>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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
25 Oct 2023	Bills Discounting	Long Term	60.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	25.00	ACUITE A2+ (Assigned)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE A-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	60.00	ACUITE A-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	25.00	ACUITE A2+   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	5.00	ACUITE A-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	20 Nov 2023	Not avl. / Not appl.	27 Jun 2029	Simple	40.00	ACUITE A-   Stable   Assigned

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

Sr. No. Company Name

1 Welspun BAPL Private Limited



## 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>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>
Preet Ludhwani Associate Vice President-Rating Operations Tel: 022-49294065 <a href="mailto:preet.ludhwani@acuite.in">preet.ludhwani@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.