



**Press Release**  
**MELBROW ENGINEERING WORKS PRIVATE LIMITED**  
**December 04, 2024**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	102.00	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	48.00	-	ACUITE A3+   Assigned
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned long term rating of '**ACUITE BBB**' (read as **ACUITE triple Ba**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE three plus**) on the Rs. 150 Cr. bank facilities of Melbrow Engineering Works Private Limited. The outlook is '**Stable**'.

**Rationale for Rating**

The rating takes into cognizance the established track record of the group along with the experienced management. The management of the group has over 26 years of experience in the industry. The rating also factors in the improvement in the operating performance of the group marked by increased revenue along with operating margins. Further the rating also factors in the moderate financial risk profile of the group marked by a gearing of 0.79 times as on 31<sup>st</sup> March 2024. However these strengths are partly offset by the intensive working capital operations of the group marked by the high GCA days of 178 days in FY24.

**About the Company**

Melbrow Engineering Works Private Limited (MEWPL), incorporated in 1983. The company is engaged in the business of manufacturing of Railway Bogie, CMS crossings, Wagon for Indian Railways and also provides management services to business entities. The present directors of the company are Mr. Abhishek Tibrewal, Ms. Shikha Tibrewal and Ms. Ambika Prasad Mishra. The registered office of the company is in Kolkata.

**About the Group**

East India Foundry Private Limited (EIFPL), incorporated in 2021. The company is engaged in the business of manufacturing of Cold Rolled formed steel & air brake system for Railway wagons. The present directors of the company are Mr. Abhishek Tibrewal and Ms. Shikha Tibrewal. The registered office of the company is in Kolkata.

East India Springs Private Limited (EISPL), incorporated in 2021. The company is engaged in the business of manufacturing Railway Bogie and wagon components. The present directors of the company are Mr. Abhishek Tibrewal and Ms. Shikha Tibrewal. The registered office of the company is in Kolkata.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

**Extent of Consolidation**

•Full Consolidation

**Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has taken a consolidated view of Melbrow Engineering Works Private Limited, East India Springs Private Limited and East India Foundry Private Limited as all the 3 companies are in the same line of business, share

common management and have strong operational and financial linkages.

## Key Rating Drivers

### Strengths

#### Established track record along with experienced management

Incorporated in 1983, the group is into the business of various railway equipment's consisting of Bogie, CMS crossings, Wagon for Indian Railways and also provides management services to business entities.

The group currently consist of 3 entities into the similar line of business and which are currently run by same management. The group over the year have developed extensive experience in this line of business which also helps them to procure new orders time to time. Further the management of the group has over 26 years of experience in production, services operation management, supply chain and marketing management in railway industry . The experience of the management is also reflected in the growing scale of business for the group, as reflected by the increasing revenue to Rs.488.22 crore in FY24 as against Rs. 267.2 crore. Acuite believes that their experience will leverage the business and will continue to benefit the group going forward.

#### Healthy Revenues and operating profitability

The revenues of the group have increased to Rs. 488.22 Cr. as on March 31, 2024 as compared to Rs. 267.20 Cr. as on March 31, 2023 majorly on account of timely and better execution of order book, MEWPL entering into MOUs with BESCO limited for manufacturing of wagons(*earlier only bogies/ crossings*) for Indian Railways and augmentation of operations in EIFPL and EISPL. The operating profitability has increased to 13.25 percent as on March 31, 2024 as compared to 10.61 percent as on March 31, 2023 as a result of integration and better operational efficiency achieved between group entities and higher margin orders executed.

The group has an unexecuted order position amounting to Rs. 1179 Cr. as on October 2024 mostly in MEWPL. These are typically turnkey projects from BESCO Limited to be executed over the next 18-24 months.

#### Moderate financial risk

The financial risk profile of the group is moderate marked by moderate net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth stood at Rs.111.44 Cr. as on March 31, 2024 as compared to Rs. 67.28 Cr. as on March 31,2023 due to accretion of reserves. Gearing stood at 0.79 times as on March 31, 2024 compared to 0.61 times in FY2023. The interest coverage ratio stood at 10.28 times as on March 31, 2024 compared to 8.99 times as on March 31, 2023. The debt service coverage ratio stood at 7.84 times as on March 31, 2024 as compared to 2.73 times as on March 31, 2023. The TOL/TNW stood at 1.63 times as on March 31, 2024 as compared to 1.42 times as on March 31, 2023. Acuite believes that the group's financial risk profile will remain moderate in medium term backed by steady cash accruals.

### Weaknesses

#### Intensive working capital management

The operations of the group have an intensive working capital requirement as reflected from Gross Current Assets of 178 days as on March 31, 2024 compared to 188 days as on March 31, 2023. The inventory days stood at 59 days as on March 31, 2024 as compared to 52 days as on March 31, 2023. The high GCA days are on account of higher other current assets consisting of advances given against the revolving order to the group. The debtor days stood at 66 days as on March 31, 2024 compared to 82 days as on March 31, 2023. The other current assets include Rs. 89.64 Cr. as on March 31, 2024 as compared to Rs. 49.70 Cr. as on March 31, 2023. The creditor days stood at 65 days as on March 31, 2024 compared to 68 days as on March 31,2023. This led to moderate working capital limit utilizations for the group, which was marked at 70 percent utilized in last 9 months ended September 2024. Acuite believes that working capital requirements are expected to remain intensive over the medium term.

### Rating Sensitivities

Any further improvement in the operating margins for the group  
Improvement in Working capital cycle for the group

### Liquidity Position

#### Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 46.40 Cr. as on March 31, 2024 as against long term debt repayment of Rs. 0.16 Cr. over the same period. The cash and bank balances stood at Rs. 3.16 Cr. as on March 31,2024 as compared to Rs. 0.05 Cr. as on March 31, 2023. The current ratio stood at 1.46 times as on March 31, 2024 as compared to 1.63 times as on March 31, 2023. Moreover, the fund-based limit was utilized at 70 per cent for the nine months ended September 2024. Acuite believes that going forward the liquidity position of the group will remain adequate in the near to medium term.

### Outlook: Stable

### Other Factors affecting Rating

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	488.22	267.20
PAT	Rs. Cr.	44.38	18.45
PAT Margin	(%)	9.09	6.90
Total Debt/Tangible Net Worth	Times	0.79	0.61
PBDIT/Interest	Times	10.28	8.99

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

None

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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. 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:Not Applicable**

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB   Stable   Assigned
Standard Chartered Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	37.00	Simple	ACUITE BBB   Stable   Assigned
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB   Stable   Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3+   Assigned
Standard Chartered Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A3+   Assigned
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3+   Assigned

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

Sr.No.	Company Name
1	Melbrow Engineering Works Private Limited
2	East India Springs Private Limited
3	East India Foundry Private Limited

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Vedika Lahoti Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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