



**Press Release**  
**BHARAT ELECTRICAL CONTRACTORS AND MANUFACTURERS PRIVATE LIMITED**  
**January 27, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.75	ACUITE BBB   Stable   Assigned	-
Bank Loan Ratings	99.25	-	ACUITE A3+   Assigned
Total Outstanding Quantum (Rs. Cr)	118.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BBB**' (read as **ACUITE Triple Ba**) and short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 118.00 Cr. bank facilities of Bharat Electrical Contractors and Manufacturers Private Limited (BECMPL). The outlook is '**Stable**'.

**Rating Rationale Assigned**

The rating assigned considers BECMPL's established track record of operations of almost twenty years, along with extensive experience of its management in the EPC industry and healthy order book position. BECMPL's operating income improved by ~40% year-on-year basis to Rs. 81.45 Cr. in FY2024 from Rs. 57.51 Cr. in FY2023 and Rs. 138.32 Cr. in FY2022. The rating also favourably factors in the healthy financial risk profile of the company, with a moderate net worth, gearing below unity and moderate debt protection metrics as on March 31st, 2024. However, the above-mentioned strengths are constrained by intensive working capital management, tender based operations and intense competition.

**About the Company**

Bharat Electrical Contractors and Manufacturers Private Limited was incorporated in 2005 & is based out in Maharashtra. The company is promoted & managed by Shri. Shantinath Adagonda Patil and is engaged in the activity of Electrical Contracting (execution of electrical contracts on turnkey basis). The company specializes in supplying materials and commissioning electrical installations, including transmission and distribution lines, power transformers, and substations. It primarily undertakes turnkey contracts, which cover the supply of materials, as well as the erection and commissioning of these installations.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

**Experienced management and established track record of operations along with healthy order book**

Incorporated in 2005, BECMPL is promoted by Mr. Shantinath Patil, who has nearly 40 years of experience in the EPC industry. The company has a long track record of operations in the execution of turnkey electrical contracts, primarily in the distribution systems sector. It purchases materials such as transformers, manufactures certain

components, and handles erection and commissioning. The long track record of operations and management's extensive experience in the EPC industry have helped the company develop strong relationships with its customers and suppliers. BECMPL currently has executable orders worth ~Rs. 602 Cr. as of October 2024, providing moderate revenue visibility in the near to medium term.

Acuité believes that BECMPL's healthy order book position along with the experience of management and operational track record, will continue to support the business of the company.

### **Improving Revenue and Profitability**

BECMPL derives ~70-75% revenue from EPC projects and 25-30% revenue from manufacturing and supply of machined, machine-pressed, and fabricated components for electrical applications. The operating income of the company improved by ~40% to Rs. 81.45 Cr. in FY2024 compared to Rs. 57.51 Cr. in FY2023 and Rs. 138.33 Cr. in FY2022. In FY2023, BECMPL experienced a significant decline of approximately 59% in total operating income. This decline was primarily due to the lack of new orders and tenders following the COVID-19 pandemic. As a result, the company was reliant on completing previous orders that had been postponed during the pandemic, leading to a reduction in overall revenue.

BECMPL has achieved operating income of ~Rs. 112 Cr. in 9MFY25 and expects to achieve ~Rs. 170 Cr. in FY2025 as reflected from the past trend, nearly 50-75% of revenue is booked in Q4 of respective financial year.

Further, the company expects to generate a revenue of ~Rs. 200 Cr. in FY2026

The operating margin of the company stood at 11.72% in FY2024 as against 14.18% in FY2023. Further, the operating margin of the company for 9MFY2025 is ~10.80%. The PAT margin of the company improved to 3.47% in FY2024 as against 2.01% in FY2023.

Acuité believes that BECMPL's operating performance would improve over the medium term backed by its healthy order book position.

### **Healthy Financial Risk Profile**

The financial risk profile of the company stood healthy, marked by moderate net worth, below unity gearing (debt-equity) and moderate debt protection metrics. The tangible net worth increased to Rs. 97.84 Cr. as of March 31, 2024, reflecting sustained profitability and an increase from Rs. 94.97 Cr. on March 31, 2023, due to accretion of profits to reserves. The total debt of the company stood at Rs. 6.59 Cr. which includes long term loans of Rs. 0.91 Cr., unsecured loans from directors/promoters of Rs. 3.15 Cr. and short-term loans (in terms of CC) of Rs. 2.53 Cr. as on 31 March 2024. The gearing (debt-equity) ratio improved to 0.07 times as on 31 March 2024 as compared to 0.3 times as on 31 March 2023. The debt protection metrics stood moderate where the Interest Coverage Ratio stood at 1.81 times for FY2024 as against 1.44 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 1.17 times in FY2024 as against 0.94 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 0.77 times as on 31 March 2024 as against 0.76 times as on 31 March 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.54 times for FY2024 as against 0.07 times for FY2023. BECMPL is currently not doing any CAPEX as well as does not have any plans for next 2-3 years.

Going forward, Acuité believes that the financial risk profile of the company will be healthy backed by steady accruals and no major debt funded capex plans.

### **Weaknesses**

#### **Intensive Working Capital Management**

The working capital management of the company is intensive marked by GCA days of 339 days in FY2024 as against 457 days in FY2023. The high GCA days are attributed to elevated debtor collection days. The company allows 60-90 days credit period to its customers. The debtor's collection period stood high but declined to 241 days in FY2024 as against 316 days for FY2023. Besides, majority of the orders are usually concentrated towards the end of every fiscal, with more than 50 percent of the sales in Q4, resulting in elevated working capital indicators as on year ending. The inventory days stood at 83 days in FY2024 as against 104 days in FY2023. Subsequently, the creditors' days declined to 189 days in FY2024 as against 246 days in FY2023. The company allows credit period of 30-60 days to its suppliers. BECMPL's reliance on working capital borrowings is moderate marked by average utilization of fund based working capital limits of ~13-15% and that of non-fund based working capital limits of ~87% during the last fourteen months period ended December 2024.

#### **Exposure to geographical and customer concentration risk**

BECMPL bids for tenders only in the state of Maharashtra. The top two customers account for about 67% of the total revenues. Heavy dependence on a few customers limits the bargaining power and exposes the company to risks relating to any change in their purchasing patterns. Any delay in payment could also stretch the working capital cycle. While this risk is mitigated by long standing relationships established with the customers, sustained reduction in dependence on a few customers, through new customer additions, remains a key rating sensitivity factor for the medium term.

#### **Susceptibility of Profitability to the Tender-Based Nature of Business and Intense Competition**

Tender-based operations limit pricing flexibility in an intensely competitive industry. Revenue and profitability depend entirely on the ability to win tenders. Entities in this segment face intense competition, which requires

them to bid aggressively to procure contracts, thereby restricting operating margins to a moderate level. Additionally, given the cyclical nature inherent in the construction industry, the ability to maintain profit margins through operating efficiency becomes critical.

Acuité believes that the company's business and financial profiles could be adversely impacted due to the presence of stiff competition and the inherent risks associated with tender-based operations.

### **Rating Sensitivities**

Improvement in scale of operation while maintaining the profitability margins.

Timely execution of orders.

Sustenance of healthy financial risk profile.

Working capital management.

Consistent increase in order book position.

### **Liquidity Position**

#### **Adequate**

The liquidity position remains adequate, evidenced by sufficient net cash accruals offsetting maturing debt obligations. Net cash accruals ranged from Rs. 1.5-3.5 Cr. between FY 2022 and FY 2024, surpassing the maturing repayment obligation of Rs. 2-2.5 Cr. during the same period. Further it is expected to generate sufficient cash accrual against its nominal repayment obligations over the medium term. The current ratio has improved to 1.43 times on March 31, 2024, from 1.15 times on March 31, 2023, affirming the company's sound liquidity position. Further, the reliance on working capital limits stood moderate marked by average utilization of fund based working capital limits of ~13-15% and that of non-fund based working capital limits of ~87% during the last fourteen months period ended December 2024. The outstanding BGs as on 31st December 2024 are Rs. 70.23 Cr.

Going ahead, liquidity position of the company is expected to remain adequate on account of steady accruals against nominal repayment obligation and buffer available from unutilised limits.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None.

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	81.45	57.51
PAT	Rs. Cr.	2.82	1.16
PAT Margin	(%)	3.47	2.01
Total Debt/Tangible Net Worth	Times	0.07	0.30
PBDIT/Interest	Times	1.81	1.44

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

None.

### Any other information

None.

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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

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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3+   Assigned
Central Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	31.75	Simple	ACUITE A3+   Assigned
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.50	Simple	ACUITE A3+   Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BBB   Stable   Assigned
Central Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BBB   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE BBB   Stable   Assigned
State Bank of India	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
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.75	Simple	ACUITE BBB   Stable   Assigned

## Contacts

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

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