



Press Release

Bharat Electrical Contractors & Manufacturers Private Limited

(BECMPL)

April 29, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	19.07	IVR BB+ / Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	99.25	IVR A4+ (IVR A Four Plus)	Assigned	Simple
Proposed Short Term Bank Facilities	31.68	IVR A4+ (IVR A Four Plus)	Assigned	Simple
Total	150.00 (Rupees One Hundred and Fifty Crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings to the bank facility of BECMPL derive comfort from significant experience of the promoters, healthy order book position, moderate financial risk profile. However, these rating strengths remain constrained by susceptibility of its profitability to volatile input prices, presence in a highly fragmented and competitive sector and working capital intensive nature of operations.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income and profitability.
- Improvement in debtor days



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Downward Factors

- Deterioration in debt protection metrics.
- Elongation in the operating cycle impacting the liquidity and higher average utilization in bank borrowings

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Significant experience of the promoters:

BECMPL is promoted by Mr. Shantinath Adgonda Patil, Managing Director (MD), is an engineering graduate and has an experience of more than three and half decade in the field of electrical contracting business. Mr. Sumit S Patil, is the son of Mr. Shantinath. He is also the director, has completed Bachelor of Engineering in electricals and has 15 years of experience in the same line of activity and looks after overall activities of the company. BECMPL is currently managed by first and second-generation entrepreneurs of the Patil family based out of Sangli, Maharashtra. Being in the industry for so long has helped the promoters in gaining adequate acumen about the business.

Healthy order book position:

The company has an unexecuted order book of Rs.396.42 crore as on December 31, 2023, which is around 7 times of its FY23 revenue. The majority of the orders are expected to be completed by FY25 and FY26, indicating a satisfactory near to medium term revenue visibility.



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Moderate financial risk profile:

The overall gearing ratio stood at 0.26x as on March 31, 2023 against 0.30x as on March 31, 2022. TOL/TNW stood at 0.69x as on March 31, 2023 against 1.10x as on March 31, 2022, and 2.48x as on March 31, 2021. The interest coverage ratio stood at 2.51 times as on as on March 31, 2023. As per provisional FY24 results, the company has recorded turnover of Rs.81.40 crore and EBIDTA of Rs.9.61 crore

Key Rating Weaknesses

Sharp decline in sales & small scale of operations:

In FY23 the BECMPL's total operating income has decreased significantly by around 58%, to Rs.57.52 crore in FY23 from Rs.138.32 crore in FY22, mainly on account as BECMPL has not received any new order and tenders after covid till FY23 and they were working on previous order which were postponed during Covid, this lead to decrease in revenue.

Susceptibility of its profitability to volatile input prices:

Major raw materials used in power distribution and transmission activities are cables, wires and steel. Any significant increase in the materials prices will impact the profitability margins of the company.

Presence in a highly fragmented and competitive sector:

The domestic power and energy sector is highly crowded with presence of many players. Boom in the power and energy sector, resulted in increase in the number of players. While the competition is perceived to be healthy, significant price cut by few players during the bidding process may be a matter of concern as the same can dent the margins of the industry.



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Working capital intensive nature of operations

The operating cycle has significantly increased from 149 days in FY22 to 241 days in FY23, driven by average collection period which increased from 234 days in FY22 to 437 days in FY23. This increase was due to retention money, and these retention money held against various projects would be paid on completion of the warrantee period and hence, the receivables days are high. Going forward company's ability to collect receivables in timely manner will be key monitoring factor.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Rating Outlook](#)

Liquidity – Adequate

The liquidity position of the company is somewhat impacted due to elongated collection period. However, company generates steady cash accruals to cover the debt obligation. The free cash balance as on March 31, 2023, stood at Rs.0.10 crore while average working capital utilisation for fund-based facility for 12 months ended February 2024 remained moderate at ~45.19%.

About the Company

Bharat Electrical Contractors and Manufacturers Private Limited (BECMPL) is a company promoted by Shri. Shantinath Adagonda Patil. Mr. Sumit S Patil, is the son of Mr. Shantinath. He is also the director, has completed Bachelor of Engineering in electricals and has 15 years of experience in the same line of activity and looks after overall activities of the company. It was incorporated on 17th Oct 2005, and is engaged



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in the activity of Electrical Contracting. The company undertakes turnkey electrical contracts, mainly in the area of distribution systems.

The company undertakes execution of turnkey projects for State power transmission and distribution agencies like Maharashtra State Electricity Distribution Co. Ltd (MSEDCL), Karnataka Power Transmission Corporation Ltd (KPTCL), Gulbarga Electricity Supply Company Limited (GESCOM), Hubli Electricity Supply Company Limited (HESCOM), Gujarat Energy Transmission Corporation Limited (GETCO), Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVVCL), Suzlon Gujarat Wind Park Ltd, Regen Powertech Pvt. Ltd. etc

Financials (Standalone):

For the year ended* As on	(Rs in Crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	138.83	57.52
EBITDA	11.98	8.15
PAT	0.59	1.15
Total Debt	29.73	25.61
Tangible Net Worth	95.35	96.57
EBITDA Margin (%)	8.63	14.17
PAT Margin (%)	0.43	2.00
Overall Gearing Ratio (x)	0.34	0.30

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: CARE Ratings in its press Release dated on January 08, 2024 has classified the case under Issuer Not Cooperating status on account of non-submission of relevant information.



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Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	1.07	IVR BB+/ Stable	-	-	-
2.	Cash Credit	Long Term	18.00	IVR BB+/ Stable	-	-	-
3.	Letter of Credit	Short Term	25.00	IVR BB+/ Stable	-	-	-
4.	Bank Guarantee	Short Term	74.25	IVR A4+	-	-	-
5	Proposed	Short Term	31.68	IVR A4+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	1.07	IVR BB+/ Stable
Cash Credit	-	-	-	18.00	IVR BB+/ Stable
Letter of Credit	-	-	-	25.00	IVR BB+/ Stable
Bank Guarantee	-	-	-	74.25	IVR A4+
Proposed	-	-	-	31.68	IVR A4+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-BECMPL-apr24.pdf>



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Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

