

## Bevcon Wayors Private Limited

Instrument	Amount In Rs Crore	Rating Action
Unallocated Limits	26.00	[ICRA]BB+ (Stable) / [ICRA]A4+ assigned

ICRA has assigned the long-term rating of [ICRA]BB+ (pronounced ICRA double B plus) and a short term rating of [ICRA]A4+ (pronounced ICRA A four plus) to the Rs. 26.00 crore<sup>1</sup> unallocated limits of Bevcon Wayors Private Limited (BWPL)<sup>1</sup>. The long term rating carries a Stable outlook.

The assigned ratings favourably factors in more than two decades of experience of BWPL's management in the execution of Engineering, Procurement and Construction (EPC) contracts in bulk material handling industry; and reputed client base which includes companies such as BHEL, ITC Ltd., Tata Steel, Reliance Industries, etc. The ratings also positively consider the healthy capital structure of the company with gearing of 0.25 times as on March 31, 2016 with debt primarily comprising of working capital borrowings; and favourable business outlook in the medium term given the incumbent central government's increased focus on revival of infrastructure and investment spending. The assigned ratings are, however, constrained by the deterioration in the company's financial profile characterised by dip in revenues from ~Rs. 185 crore till FY2015 to Rs. 151 crore in FY2016 due to lower order book size and slower progress in execution of contracts; decline in operating margins from 9.8% in FY2012 to 2.3% in FY2016 owing to reduced scale of operations and higher fixed expenses; and weak coverage metrics with interest coverage ratio of 0.94 times and NCA/Debt of 13% for FY2016 due to low operating profitability. The rating is further constrained by the modest order book position of the company at Rs. 117.28 crore (0.77 times FY2016 revenues) as on August 31, 2016 providing limited revenue visibility; and elongated working capital cycle on account of high debtors though the same is mitigated to some extent due to back to back payment arrangement with suppliers. ICRA also notes that company's performance is vulnerable to slowdown in economic growth due to its close link to new capex formation; and high degree of competition from other large players in the industry that puts the margins under check.

Going forward, ability of the company to secure new orders, increase the scale of operations, and effectively manage its working capital requirements remain the key credit rating drivers from credit perspective.

### Company Profile

Bevcon Wayors Private Limited (BWPL) was incorporated on October 31, 1994 and is engaged in manufacturing of Bulk Material Handling Products as well as providing Engineering, Procurement and Construction (EPC) contracts and turnkey solutions of Balance of Plant (BOP) requirements of customers across diverse sectors such as power, steel, cement, mining, sugar, ports, paper, pharma, etc. The company has two manufacturing units, one each in Hyderabad and Raipur (Chattisgarh). The company is currently headed by Mr Y. Srinivas Reddy, who is the Managing Director of the company and has nearly 25 years of experience in this line of business.

### Recent Results

As per the provisional results for FY2016, the company reported profit after tax of Rs. 0.49 crore on a turnover of Rs 151.51 crore as against profit after tax of Rs. 2.84 crore on a turnover of Rs. 189.49 crore during FY2015.

**October 2016**

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup>For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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