Regreen-Excel EPC India Limited

April 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating	0.00	CARE BBB; Stable	Upgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in issuer rating of Regreen-Excel EPC India Limited (REIL - formerly known as Regreen-Excel EPC India Private Limited), factors improvement in scale of operations, comfortable order book position, comfortable capital structure considering negligible debt on the books, extensive experience of the promoters in the distillery plant machinery manufacturing segment. These rating strengths are partially offset by moderate profitability despite improved in an intensely competitive industry, and exposure to cyclicality in the end-user industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in total operating income (TOI) and profit before interest, lease rentals, depreciation, and taxes (PBILDT) margins above 10% on a sustained basis.
- Gross cash accruals (GCAs) over ₹125 crore on a sustained basis.

Negative factors

- Decline in TOI below ₹1000 crore or deterioration in PBILDT margins below 3%.
- Deterioration in total outside liability to total net worth (TOL/TNW) from current levels.
- Decline in orderbook to sales ratio below 1.00x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has analysed the consolidated financials comprising REIL and Excel Engineers and Consultants (EEC – a partnership firm in which REIL holds 99% stake) for arriving at REIL's ratings as both have operational and financial linkages and common management. Details of entities considered for consolidation are given in Annexure-6.
Earlier, CARE Ratings had considered combined performance of REIL and EEC. However, the approach has been changed from 'Combined' to 'Consolidated in the current review period owing to change in accounting standards adopted by the company.

Outlook: Stable

'Stable' outlook reflects CARE Ratings' expectations that the group will maintain its operational scale supported by the promoters' experience in the medium term.

Detailed description of key rating drivers:

Key strengths

Growth in scale of operation in FY24 and 9MFY25

REIL on a consolidated basis achieved a TOI of ₹1,929.91 crore in FY24 in comparison to ₹1,192.84 crore in FY23, registering a growth of 61.79% over FY23 levels. The growth in revenue is considering the company's ability to secure steady order flow, sustained demand and better execution. In current year 9MFY25, the group on a consolidated basis achieved a TOI of ₹1,386.78 crore in 9MFY25.

Comfortable orderbook position

As on December 31, 2024, the unexecuted orderbook stood at ₹2,899.04 crore on a consolidated (REIL standalone unexecuted orderbook stands at ₹2,771 crore as on December 31, 2024), in comparison, as on December 31, 2023, REIL on a standalone basis had an outstanding order book of ~₹2,378.05 crore. The order book to sales (FY24) ratio stands at 1.50x, providing short-to-medium term revenue visibility. The company is largely operating domestically, with domestic orderbook constituting ~97% of the unexecuted orderbook, with presence of few export orders in hand constituting ~3% unexecuted orderbook. The company's orderbook is geographically diversified across 10 states with no state accounting for over 15% of the total orderbook value. Contribution from single customer remains less than 7% of the total orderbook value mitigating customer concentration risk to an extent.

Comfortable capital structure and debt coverage indicators

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

The company's reliance on debt remains low as on March 31, 2024, which comprises of ₹12.32 crore of secured borrowings availed for acquiring the commercial office, and lease liabilities of ₹6.33 crore. The overall gearing stood comfortable at 0.22x as March 31, 2024, against 0.26x as on March 31, 2023. In the context of rapid increase in scale of operations, the company has availed additional credit lines in the form of working capital facilities which will increase leverage but the same is expected to remain below unity. Coverage indicators are also expected to remain at a comfortable level.

Diversified and reputed supplier base
Reliance on a few suppliers affects the company's negotiating power, secures favourable trading terms and exposes the business to price vulnerability or changes in supply terms. In extreme cases, losing a primary supplier could significantly affect the company's operations. Comfort can be drawn from the fact that the company maintains longstanding relationship with these vendors, exposure from risk of concentration is further reduced by the fact that these entities operate in diverse geographies. The company has reduced the risk of concentration in suppliers since FY22 where no single supplier has accounted for over 8-9% raw materials consumed since the COGS for the period.

Experienced promoters
The company has extensive experience in delivering a wide range of projects, including grain and molasses distilleries, extra neutral alcohol (ENA) plants, evaporation units, DDGS dryers, fuel ethanol plants, and other related projects. The company also has experience of executing these projects the EPC model. The promoters have been operating in the sugar and distillery industry having worked in the sector for over two decades. This has helped them to develop strong technical expertise in engineering and fabrication of distillery units and also to establish a healthy relationship with many customers, resulting in repeat orders from them. Sanjay Desai (chairman and managing director) has a Master of Technology degree in chemical plant design and has over 30 years' experience in designing and implementing ethanol plants, biomass co-generation plants, ZLD systems across geographies. Tushar Vedu Patil (whole time director) is also a chemical engineer with over 16 years' experiences in ethanol and distillery industry.

Key weaknesses

Moderate PBILDT margin; improvement observed in FY24 and 9MFY25
The PBILDT margins though moderate, improved in FY24 to 4.59% demonstrating an improvement of ~95 bps from 3.64% in FY23. The improvement in margins is owing to factors such as, reduction in other manufacturing expenses to 14% of TOI in FY24 against 16% in FY23, better absorption of fixed overheads in conjunction with improved scale, and reduction in prices of certain raw materials like steel. The company was able to achieve 7.60% PBILDT margins in 9MFY25. Improvement in margins on a sustained basis remains a key monitorable going forward.

Execution risk involved from outsourced fabrication operations
REIL's operations involve fabrication work for which specialised laser cutting machines and argon welding machines are required, the company has outsourced these operations to third party workshops where they employ their engineers and staff to maintain quality controls. However, the company does not have contractual agreement with the workshop owners for exclusive rights/access to these workshops/sheds. In this context, the absence of contractual arrangement for exclusive rights/access to these workshops, the company retains considerable operational risks in case the owner of these workshops could switch to different clients posing execution risk to REIL.

Exposure to cyclicality in the end user industry and macroeconomic factors
REIL executes contracts in the chemical, agro-commodity, ethanol/ENA (extra neutral alcohol) manufacturing, and feed production sectors, all of which are subject to the cyclicality of agricultural products. REIL's revenue is closely tied to capital expenditure by its clients, exposing the company to risks in the capital goods sector. Demand in this sector is influenced by the performance of end-user industries and broader macroeconomic factors, which directly affect capacity expansions. Consequently, adverse conditions in these industries may impact REIL's growth prospects. However, the company has made efforts to diversify its order book, mitigating this exposure to some extent. India's growing economy and favourable economic policies provide a conducive operating environment for REIL.

Liquidity: Adequate

REIL has cash and bank balance of ₹8.11 crore as on March 31, 2024. The company has comfortable operating cycle of 33 days as on March 31, 2024. The working capital requirements are met through customer advances and advance against bank guarantee for which it has encumbered fixed deposits of ₹44.94 crore as on March 31, 2024. The company has cash accruals of ₹66.18 crore as on March 31, 2024, against repayment obligations of ~ ₹1.50 crore in FY25.

Environment, social, and governance (ESG) risks – Not applicable

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Issuer Rating](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)

About the company and industry
Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Iron and steel products

Regreen-Excel EPC India Limited (REIL - formerly known as Regreen-Excel EPC India Private Limited), the company's core business activity is providing engineering services for industrial and manufacturing projects. REIL is in distillery, sugar and cogeneration, biofuels, zero liquid discharge systems and renewable energy. The company is promoted by Sanjay Shrinivasrao Desai, Tushar Vedu Patil and Alimuddin Sayyed. The operations were earlier carried out in a partnership firm, Excel Engineers and Consultants. Established in 2009, EEC was floated by Sanjay Desai, Sandeep Chichbankar, Alimuddin Sayyed, and Tushar Patil. As on December 31, 2024, REIL holds 99% stake in the partnership firm.

Consolidated Financials of Regreen-Excel EPC India Limited (REIL)

Brief Financials (₹ crore)	March 31, 2023 (A)*	March 31, 2024 (A)
Total operating income	1,1192.84	1,929.91
PBILDT	43.42	88.67
PAT	28.67	59.86
Overall gearing (times)	0.26	0.22
Interest coverage (times)	32.28	19.66

* Restated per IndAS as the company adopted IndAS in the review period
A: Audited Note: these are latest available financial results

Status of non-cooperation with previous CRA – Not applicable

Any other information – Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE BBB; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Mar-24)	1)CARE BBB-; Stable (26-Dec-22) 2)CARE BBB- (Is); Stable (12-Dec-22)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated – Not applicable

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Excel Engineers and Consultants	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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