

Press Release

Bn Precast Private Limited

July 14, 2017

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 5.13 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 5.13 crore bank facilities of Bn Precast Private Limited. The outlook is '**Stable**'.

The Gujarat-based BN Precast Private Limited (BNPPL) promoted by Mr. Nishant Subhash Patel and Mr. Bhumi Nishant Patel was incorporated in 2013. The company is engaged in the manufacture of precast structures (majorly precast walls) at Ahmedabad.

Key Rating Drivers

Strengths

- **Extensive experience of the promoters**

The promoters, Mr. Nishant Patel and Mrs. Bhumi Patel possess more than a decade of experience in the said line of business.

- **Diversified business profile**

BNPPL manufactures precast structures used in the construction industry. The company has also started installation services for its products and undertakes turnkey projects.

- **Average financial risk profile**

The financial risk profile is average marked by moderate gearing of 1.74 times as on 31 March, 2017 as against 2.55 times as on 31 March, 2016. The interest coverage stands healthy at 6.30 times for FY2016-17. The company has healthy EBITDA margin of 38.18 percent for FY2016-17. The PAT margins are also healthy at 4.76 per cent for FY2016-17.

Weaknesses

- **Limited track record of operations**

The company has limited track record of operations as commercial operations commenced in FY2014-15.

- **Working capital intensive operations**

BNPPL has working capital intensive operations. The working capital cycle deteriorated from 153 days in FY2015-16 to 195 days in FY2016-17 on account of high inventory holding period of 187 days in FY2016-17 as against 49 days in FY2015-16. The debtor days are also high at 83 days for FY2016-17.

- **High dependency on the infrastructure sector**

The performance is largely dependent on the performance of the real estate and infrastructure sectors.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of BN Precast Private Limited to arrive at the rating.

Outlook: Stable

SMERA believes that BNPPL will maintain a stable outlook over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining comfortable debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

For FY2016-17, BNPPL registered PAT of Rs.0.25 crore on operating income of Rs.5.06 crore as against PAT of Rs2.25 crore on operating income of Rs.7.77 crore for FY2015-16. The net worth stood at Rs.3.46 crore as on 31 March, 2017 against Rs.3.22 crore a year earlier.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
07-Apr-2016	Term Loan I	Long Term	INR 0.77	SMERA B / Stable
	Term Loan II	Long Term	INR 3.01	SMERA B / Stable
	Cash Credit	Long Term	INR 1.26	SMERA B / Stable
	Proposed	Long Term	INR 0.09	SMERA B / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.26	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	0.77	SMERA B / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	3.01	SMERA B / Stable

Proposed	Not Applicable	Not Applicable	Not Applicable	0.09	SMERA B / Stable
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ABOUT SMERA

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