

Press Release

BKB Transport Private Limited

24 August, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 75.00 Cr.
Long Term Rating	ACUITE BBB-/Stable (Assigned)
Short Term Rating	ACUITE A3 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short long term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 75.00 crore bank facilities of BKB Transport Private Limited (BKBTPPL). The outlook is "**Stable**"

Incorporated in 1990- BKB Transport Private Limited is a Jharkhand based company engaged in coal transportation, mining contracts and infrastructure development. Initially the company started with coal transportation and since 2004 they ventured into infrastructure development like construction of railway bridges and bauxite mining for Hindalco Industries Limited. In 2007, the company entered into contract mining for overburden removal with Central Coalfields Limited and thereafter in 2009 entered in contract mining with Bharat Coking Coal Limited. The company was promoted by the Agarwal family consisting of Mr. Subodh Agarwal, Mr. Vinod Agarwal, Mr. Pramod Agarwal and Mr. Arun Agarwal.

Key Rating Drivers

Strengths

Experienced management and long track record of operation

Incorporated in 1990- BKBTPPL started operation in 1992 and has a long track record of over 25 years in the field of coal transportation, contract mining and infrastructure development. The company was promoted by the Jharkhand based Agarwal family consisting of Mr. Subodh Agarwal, Mr. Vinod Agarwal, Mr. Pramod Agarwal and Mr. Arun Agarwal. The experienced management and a long track record have resulted in establishing BKBTPPL as an important player in Jharkhand.

Healthy financial risk profile

The financial risk profile of the company is above average marked by comfortable net worth base, comfortable gearing (debt-equity) and healthy debt protection metrics. The net-worth stands at Rs 68.48 crs as on 31st March'18 (prov) as compare to Rs 59.93 crs in the previous year. The debt to equity ratio of the company stands at 0.62 times on 31st March'18 (prov) as against 0.81 times in the previous year. GFL reported a comfortable interest coverage ratio of 4.55 times in as on 31st March'18 (prov) as against 2.86 times in the previous year. The net cash accrual to

total debt (NCA/TD) stands comfortable at 0.33 times on 31st March, 18 (prov).

Healthy scale of operations

The revenue of BKBTPPL is healthy marked by revenue of Rs 313.48 cr in FY 2018 (prov) as compare to Rs 307.93 cr in the previous year. The company also has a track record of achieving revenue to tune of Rs 300 cr in the last 6 years. Further the healthy order book of Rs 1664.62 cr as on 31st March'18(prov) provides revenue visibility in the medium term.

Weaknesses

Working Capital Intensive Operations

The operations are working capital intensive in nature marked by gross current asset (GCA) days of 92 as on 31st March'2018 (prov) as compared to 96 days in the previous year. The debtor days stood at 38 as on 31st March'2018 (prov) as compare to 40 days in the previous year. The company on an average receives payment within 20-40 days from the completion of the work. BKBTPPL keeps minimum inventory due to the service nature of industry. The company on an average utilizes ~ 75 per cent of its bank limit.

Outlook: Stable

Acuité believes the outlook on BKBTPPL rated facilities will remain stable over the medium term backed by its experienced management and healthy order book position. The outlook may be revised to 'Positive' in case the company registers more than envisaged sales and profitability while efficiently managing its working capital cycle. The outlook may be revised to 'Negative' in case the company fails to achieve envisaged revenue and profitability and its working capital cycle gets stretched or its financial risk profile deteriorates.

Analytical Approach: Acuité has taken a standalone view of the business and financial risk profile of the company.

About the Rated Entity - Key Financials

	Unit	FY18 (Prov)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	313.48	307.93	365.99
EBITDA	Rs. Cr.	25.32	21.96	23.76
PAT	Rs. Cr.	8.50	4.06	7.26
EBITDA Margin	(%)	8.08	7.13	6.49
PAT Margin	(%)	2.71	1.32	1.98
ROCE	(%)	18.92	18.91	18.89
Total Debt/Tangible Net Worth	Times	0.62	0.81	0.83
PBDIT/Interest	Times	4.55	2.86	3.63
Total Debt/PBDIT	Times	1.69	2.13	1.84
Gross Current Assets (Days)	Days	92	96	107

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Service Entities - <https://www.acuite.in/criteria-service.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

NA

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.00	ACUITE BBB-/Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	45.70	ACUITE A3 (Assigned)
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	5.30	ACUITE A3 (Assigned)

Contacts

Analytical	Rating Desk
<p>Pooja Ghosh Head- Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in</p> <p>Aniruddha Dhar Rating Analyst Tel: 033-66201209 aniruddha.dhar@acuite.in</p>	<p>Varsha Bist Sr. Executive Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

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