



Press Release
Bhanwariya Infra Projects Private Limited
May 16, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.42	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	9.22	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	43.10	-	ACUITE A3 Assigned
Bank Loan Ratings	63.90	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	133.64	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 73.12 crore bank facilities of Bhanwariya Infra Projects Private Limited (BIPPL). The outlook is '**Stable**'.

Further, Acuite has assigned the long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short-term rating of '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 60.52 crore bank facilities of Bhanwariya Infra Projects Private Limited (BIPPL). The outlook is '**Stable**'.

Rationale for Rating

The reaffirmation takes into account the stable operating and financial performance of the company marked by improvement in operating income, moderate operating margins, moderate albeit growing network, moderate financial risk profile, comfortable debt protection metrics and healthy order book position. The company recorded a revenue of Rs. 163.70 crore in FY2023 as against Rs. 84.15 crore in FY2022. EBITDA margin stood at 7.66 percent in FY2023 as against 8.99 percent in FY2022. The company is estimated to generate revenue of Rs. 184.49 crore (Est.) in FY2024 while earning operating margin of ~9.19 percent (Est.) during the same period. Gearing ratio stood below unity at 0.51 times on March 31, 2023 and is estimated to continue in the similar range in the near to medium term. The consistent increase in the Net Cash Accruals of the company over the years also provides comfort to the rating. The company has an unexecuted order book of Rs. 762.20 crore as on March 31, 2024, which provides adequate revenue visibility over near to medium term.

The rating also factors in the extensive experience of the promoters and reputed clientele of the company. The rating however is constrained by high geographic concentration risk.

About the Company

Bhanwariya Infra Projects Private Limited (BIPPL) is a Jaipur based company incorporated in March 2017 and managed by Mr. Jai Narayan Bhanwariya. The company undertakes various

transmission and distribution projects with Rural Electrification and Indian Railways. BIPPL is registered as 'AA' class (highest in the scale of AA to E) civil contractor with Jaipur

Development Authority and 'E1' class electrical contractor with Electricity Board of Rajasthan. The company was originally incorporated as M/s Bhawariya Construction on 1st July, 1999 as wholly owned electrical and civil works company. In 2017, the constitution of the firm changed to company limited by shares. It has successfully completed various projects under different departments of government like DVNNL Agra, AVVNL Ajmer, JdVVNL Jodhpur, etc. BIPPL receives majority of the contracts from the Electricity Board of Rajasthan. However, the company has gradually diversified in several other states like, Goa, Orissa, UP, Chhattisgarh and Chandigarh.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of BIPPL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The key promoter Mr. Jai Narayan Bhanwariya has around two decades of experience in construction and infrastructure turnkey projects by laying down transmission and distribution lines and constructing power substations. The long experience has resulted in establishing BIPPL as a major player in the western part of India especially for EPC projects in the power distribution sector where the company is executing projects for Rajasthan State Electricity Board. The company is registered as 'AA' class (highest in the scale of AA to E) civil contractor with Jaipur Development Authority (JDA) and 'E1' class electrical contractor with Electricity Board of Rajasthan. Acuite believes that the long track record and rich experience of the promoters will help BIPPL to augment their business operations.

Moderate Financial Risk Profile

The company has moderate financial risk profile marked by improving tangible net worth, healthy capital structure and comfortable debt protection metrics. The tangible networth of the company stood at Rs. 33.31 crores on March 31, 2023 as against Rs. 26.57 crores on March 31, 2022. Increase in networth is on account of accretion of profit to reserves. Acuite has considered unsecured loans worth Rs. 9.17 crores as quasi equity on account of undertaking provided by management to the bank to maintain the amount in the business over the medium term. The gearing ratio of the company stood below unity at 0.51 times on March 31, 2023 as against 0.38 times as on March 31, 2022. The gearing ratio is expected to remain under unity for FY2024 and FY2025. The total debt of the company stood at Rs. 17.08 crores as on March 31, 2023, with Rs.1.40 crores of long term debt, Rs. 3.70 crores of USL from directors, Rs.11.41 crores of short term debt and Rs. 0.57 crores of current portion of long term borrowings. TOL/TNW stood at 1.30 times on March 31, 2023 as against 0.95 times on March 31, 2022. Coverage ratios stood comfortable with Interest coverage ratio at 3.89 times and debt service coverage ratio at 2.79 times as on March 31, 2023 as against 2.59 times and 2.02 times on March 31, 2022 respectively. NCA/TD improved to 0.43 times on March 31, 2023 as against 0.37 times on March 31, 2022.

Stable Operating Performance

The revenue of the company grew to Rs. 163.70 crores in FY2023 from Rs. 84.15 crores in FY2022. The PAT margin of the company stood at 4.11 percent in FY2023 as against 3.84 percent in FY2022. The company is estimated to record revenue of Rs. ~184.49 (Est.) crores for FY2024. The company has an outstanding order book of about Rs. 762.20 crores as on March 31, 2024. This will ensure near to medium term revenue visibility. These orders are acquired majorly from Rajasthan.

Acuité believes that BIPPL will maintain a stable scale of operations over the medium term in view of the healthy orderbook.

Weaknesses

Moderately Working Capital Intensive Operations

The working capital operations of the company are moderate, marked by GCA days of 141 days in FY2023 as against 189 days in FY2022. The GCA days are driven by inventory days and debtor days. The inventory days stood at 42 days on March 31, 2023 as against 33 days on March 31, 2022. Debtor days stood at 42 days on March 31, 2023 as against 56 days on March 31, 2022. The payment from debtors is received on milestone basis. Creditor days stood at 67 days on March 31, 2023 as against 50 days on March 31, 2022. The current ratio stood at 1.94 times on March 31, 2023. The average bank limit utilization of the company stood at ~86.86 percent for fund based limits and ~80.34 percent for non-fund based limits for 12 months ended March 2024

Geographic Concentration Risk

The operations of BIPPL are mainly concentrated in Rajasthan. Although they have made a foray into undertaking projects in the states of Chhattisgarh, Odisha and Goa, the major concentration still remains in Rajasthan. This leaves the firm with exposure to significant geographical risk. Any negative development in this area would significantly hurt the overall operations of the company.

Risk associated with tender based nature of order

As almost all its sales are tender based, the revenue depends on the company's ability to bid successfully for tenders. BIPPL specialises in transmission and distribution projects with Rural Electrification and Indian Railways mainly. The company faces competition from large players, as well as many local and small unorganised players, adversely affecting the profitability.

Rating Sensitivities

- Ability to improve scale of operations while maintaining profitability margins and capital structure.
- Significant deterioration in scale of operations with delay in project execution.

Liquidity Position

Adequate

The company's liquidity is adequate, marked by sufficient net cash accruals (NCA) against maturing debt obligations for the same period. The company generated NCA worth Rs. 7.36 crores in FY23 as against repayment obligation of Rs. 0.57 crores. The company is expected to generate NCAs in the range of Rs. 9.00 to Rs. 14.00 crores for FY2025 and FY2026 against repayment obligations worth Rs. 0.50 crores to Rs. 3.00 Crores for the same period. The current ratio stood at 1.94 times on March 31, 2023. The average bank limit utilization of the company stood at ~86.86 percent for fund based limits and ~80.34 percent for non-fund based limits for 12 months ended March 2024.

Outlook: Stable

Acuité believes the outlook on BIPPL will remain 'stable' over the medium term backed by experience of its promoter and healthy order book position. The outlook may be revised to 'Positive' in case of significant growth in revenue while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's financial risk profile and liquidity position or further elongation in its working capital cycle.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	163.70	84.15
PAT	Rs. Cr.	6.73	3.23
PAT Margin	(%)	4.11	3.84
Total Debt/Tangible Net Worth	Times	0.51	0.38
PBDIT/Interest	Times	3.89	2.59

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Feb 2023	Bank Guarantee/Letter of Guarantee	Short Term	42.00	ACUITE A3 (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	21.90	ACUITE A3 (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	0.10	ACUITE BBB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.12	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
The Federal Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	42.00	ACUITE A3 Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	21.90	ACUITE A3 Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.10	ACUITE A3 Assigned
The Federal Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE A3 Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.10	ACUITE BBB- Stable Reaffirmed
The Federal Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	8.00	ACUITE BBB- Stable Reaffirmed
The Federal Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BBB- Stable Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.90	ACUITE BBB- Stable Assigned
The Federal Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	05 Jan 2027	Simple	0.60	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.52	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.52	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE A3 Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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