



Press Release
B P Construction
January 28, 2025
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.15	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	0.01	Not Applicable Withdrawn	-
Bank Loan Ratings	75.00	-	ACUITE A3 Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	94.16	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn its long-term rating of 'ACUITE BBB-' (read as ACUITE Triple B Minus) on Rs.19.15 crore and its short-term rating of 'ACUITE A3' (read as ACUITE A three) on the Rs.75.00 crore bank facilities of B P Construction. The rating is being withdrawn on account of request received from the firm, and NOC (No Objection Certificate) received from the banker.

Acuite has withdrawn its rating on proposed long-term facilities of Rs.0.01 crore without assigning any rating as it is proposed facility of B P Construction. The rating is being withdrawn on account of request received from the firm.

The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

Rationale for reaffirmation

The rating reaffirmation considers firm's long operational track record of more than 25 years and the extensive industry experience of its management. Further, the rating considers improvement in the operating performance of the firm as the operating income in FY2024 stood at Rs.400.88 crore against Rs.301.38 crore in FY2023 and Rs.293.19 Cr. in FY2022. Furthermore, the profitability of the firm also remained stable with operating profit margin of 15.77 percent in FY2024 against 13.49 percent in FY2023. The rating also factors in the healthy financial risk profile of the firm with healthy net worth, low gearing and comfortable debt-protection metrics. However, these strengths are partially offset by firm's presence in a competitive and fragmented industry, the tender based nature of its operations, and a high reliance on fund-based working capital limits.

About the Company

M/S B P Construction (BPC) was incorporated by Mr. Bhim Prasad in 1998 as a partnership firm. The principal activity of the firm is the construction of government civil, electrical, building, roadwork, plumbing, and related works. The firm is a registered contractor with various state government departments in Jharkhand, Bihar, Madhya Pradesh, Odisha, and West Bengal. The firm's registered office is in Ranchi, Jharkhand. BPC is a government-approved contractor and has been associated with the construction work of various government departments. In April 2024, the firm was acquired by BPC Infraprojects Private Limited, a company incorporated in 2021 by the

partners of BPC. As part of the acquisition, all assets and liabilities both current and future, as reflected in the March 2024 financials were transferred to BPC Infraprojects Private Limited. This transition was aimed at carrying forward the business under the name of BPC Infraprojects Private Limited, with the objective of expanding market reach, achieving economies of scale, and realizing other operational and commercial advantages.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of BPC to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established relationship with customers

BPC has a track record of more than two decades in the construction sector. The firm is promoted by Mr. Bhim Prasad and Janki Devi, who have an experience of over two decades in civil construction work. They are well supported by a team of experienced and qualified professionals. It has successfully completed various projects under different departments of government like BHEL, NPCC, M.P. Public Works Deptt., Bhopal, C.G. Public Works Deptt., South Eastern Railway, C.G. Water Resources Division, C.G. Housing Board and NHAI. The long-standing experience of the promoter and long track record of operations has helped the company to establish comfortable relationships with key suppliers and reputed customers. The operating revenue of the firm increased to Rs.400.88 Cr. as on March 31, 2024 as against Rs.301.38 Cr. in the previous year. Further, it has achieved a revenue of ~ Rs.300.00 Cr. in 9MFY2025. Furthermore, it has a healthy orderbook position with unexecuted orders in hand for infrastructure projects worth ~ Rs.1700 Cr. The operating profit margin of the firm improved to 15.77 percent in FY2024 as compared to 13.49 percent in FY2023.

Healthy financial risk profile

The financial risk profile of the firm is healthy marked by healthy networth, low gearing and comfortable debt protection metrics. The net worth of the firm stood at Rs. 106.02 Cr. as on March 31st, 2024 as against Rs. 76.56 Cr. as on March 31st, 2023, also there was some withdrawal by the partners during the year. The total debt stood at Rs. 26.03 Cr. as on March 31, 2024 as against Rs. 10.64 Cr. as on March 31, 2023. The debt profile comprises of Rs. 15.78 Cr. of long-term debt, Rs.0.60 Cr. of unsecured loans from promoters and others and Rs.9.66 Cr. of Short-term debt. The gearing of the firm stood low at 0.25 times as on March 31, 2024 as compared to 0.14 times as on March 31, 2023. The TOL/TNW of the firm stood at 0.81 times as on March 31, 2024 as against 0.93 times as on March 31, 2023. Further, the debt protection metrics stood comfortable reflected by debt service coverage ratio of 8.14 times for FY2024 as against 17.46 times for FY2023. The interest coverage ratio stood at 13.86 times for FY24 as against 29.77 times for FY23. The net cash accruals to total debt (NCA/TD) stood at 1.57 times in FY2024 as compared to 3.87 times in the previous year.

Moderate nature of working capital operations

The working capital operations of the firm are moderate in nature, marked by improved Gross Current Assets (GCA) to 79 days in FY2024, compared to 106 days in FY2023. The debtor days stood at 12 days in FY2024 compared to 18 days in FY2023. Furthermore, the average utilization for fund-based limits remained high marked by average utilization of 95% over the last 6 months ending July 2024. The creditor days stood at 41 days as of March 31, 2024, as against 58 days in FY2023.

Weaknesses

Competitive and fragmented nature of industry coupled with tender based business

The firm is engaged as a civil contractor and the sector is marked by the presence of several mid to big size players. The firm faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts and hence the company must make bid for such tenders on competitive prices, which may affect the profitability of the firm. However, this risk is mitigated to an extent due to the extensive experience of the management of over two decades in the construction industry.

Rating Sensitivities

Not Applicable

Liquidity Position Adequate

The firm's liquidity position is adequate marked by sufficient net cash accruals against the maturing debt obligations. The firm has generated net cash accruals worth Rs. 40.99 Cr. in FY2024 as against nominal maturing

debt obligation. The firm maintained unencumbered cash and bank balances of Rs. 3.01 Cr. as on March 31, 2024. The current ratio stood at 1.26 times as on March 31, 2024, as compared to 1.34 times as on March 31, 2023. However, the reliance on working capital limits is high marked by average utilization of ~95 percent for fund-based facilities for 6 months ended July-24.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	400.88	301.38
PAT	Rs. Cr.	37.95	39.78
PAT Margin	(%)	9.47	13.20
Total Debt/Tangible Net Worth	Times	0.25	0.14
PBDIT/Interest	Times	13.86	29.77

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>
- 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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
21 Feb 2024	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	17.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.47	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.60	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	0.93	ACUITE BBB- Stable (Reaffirmed)
	Term Loan	Long Term	1.17	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.98	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.01	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
07 Aug 2023	Bank Guarantee (BLR)	Short Term	33.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	3.68	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.32	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE A3 Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE A3 Reaffirmed & Withdrawn
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3 Reaffirmed & Withdrawn
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.01	Simple	Not Applicable Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	29 Mar 2023	Not avl. / Not appl.	29 Jul 2027	1.47	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	29 Mar 2023	Not avl. / Not appl.	29 Mar 2028	1.60	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	26 Sep 2023	Not avl. / Not appl.	26 Sep 2028	0.93	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	26 Sep 2023	Not avl. / Not appl.	26 Sep 2028	1.17	Simple	ACUITE BBB- Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Term Loan	07 Dec 2023	Not avl. / Not appl.	07 Dec 2028	3.98	Simple	ACUITE BBB- Reaffirmed & Withdrawn

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Sahil Sawant Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.