



**Press Release**  
**BINDAL DEVELOPERS**  
**October 05, 2023**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	32.75	ACUITE BB+   Stable   Assigned	-
Bank Loan Ratings	42.25	-	ACUITE A4+   Assigned
Total Outstanding Quantum (Rs. Cr)	75.00	-	-

**Rating Rationale**

ACUITE has assigned its long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.75.00 Crore bank facilities of Bindal Developers. The outlook is '**Stable**'.

**Rationale for Rating**

The assigned rating takes into account the improvement in business risk profile marked by growth in revenues in FY23 which stood at Rs.111.95 Crore in FY23 as compared to Rs.99.38 Crore in FY22 backed by healthy execution of orders. Further, the rating considers the experienced management in the industry which has helped firm to intake orders from reputed clients. The firm currently has a moderate order book position of Rs.300.24 crore as on 31 August 2023 translating into an order book/operating income of 2.68x providing medium term revenue visibility. The rating also factors in the moderate financial risk profile of the firm is moderate with moderate network and improving gearing which stood at 1.51 times as on 31st March 2023 against 2.13 times as on 31st March 2022 because of the increase in the capital. These strengths are partly off-set by working capital intensity in the operations and highly competitive nature of industry due to tender based nature of operations.

**About the Company**

Bindal Developers is a proprietorship concern with Mr. Narsingh Bindal as proprietor. The firm was established in 2007 and is engaged in civil construction activities for last 15 years. The firm is engaged in Construction of Roads, Buildings & Bridges, Canal, bunds & barrage etc.

**Analytical Approach**

Acuite has taken the standalone view on the business and financial risk profile of Bindal Developers.

**Key Rating Drivers**

**Strengths**

**Established track record of operations with experienced management**

The firm has an established track record of operations for more than a decade in construction industry. The firm is engaged in civil construction activities majorly into construction of Roads, Buildings & Bridges, Canal, bunds & barrage etc. is majorly handling government projects such as Rural Road under Pradhan Mantri Gram Sadak Yojana, construction of four lanes CC roads etc. and handling projects through sub-contracting from

big contractors and executed L&T infrastructures and Adani road projects. Currently the proprietor of the firm is by Mr. Narsingh Bindal, who has been associated with this industry for

over a decade. Acuité believes that the firm will continue to benefit from its established operations in the construction industry along with reputed clientele over the medium term.

### **Augmentation in business risk profile**

The revenue of the firm improved to Rs.111.95 Crore in FY23 against Rs.99.38 Crore in FY22 and Rs.96.77 Crore in FY21. The increase in the revenue is on an account of increase order execution. Furthermore, the firm also has a moderate order book position of Rs.300.24 Crore as on August 2023 which provides revenue visibility over the medium term. The operating margins of the firm improved and stood comfortable at 10.37% in FY23 against 8.07% in FY22. The net profitability margins of the firm also stood healthy at 3.91% in FY23 against 2.90 % in FY22. Acuité believes the profitability margin of the firm will be sustained at same levels over the medium term backed by the management's focus on the bottom line and bidding in the projects accordingly.

### **Moderate Financial Risk Profile**

The financial risk profile of the firm is moderate marked by moderate net worth, gearing and average debt protection metrics. The networth of the firm stood at Rs.34.68 Crore as on 31st March 2023 against Rs.17.73 Crore as on 31st March 2022. The increase in the net worth is due to accumulation of profits in the same year and infusion of funds in form of quasi equity. The total debt of the firm stood at Rs.52.37 crore as on 31st March 2023 against Rs.37.75 Crore as on 31st March 2022. Also, in FY23, the proprietor has infused money in the business in form of quasi equity to support the business operations and increase in the long term debt is for the capital expenditure related to addition in plant and machinery. The total cost of the project is approximately stood Rs.8.50 Crore which was contributed through the term loans. Further, the gearing ratio of the firm improved and stood at 1.51 times as on 31st March 2023 against 2.13 times as on 31st March 2022. The TOL/TNW ratio stood at 2.19 times as on 31st March 2023 (Prov) against 4.24 times as on 31st March 2022. In addition, the debt protection metrics stood with interest coverage ratio and debt service coverage ratio of the firm stood at 2.47 times and 1.07 times respectively as on 31st March 2023 against 2.87 times and 0.96 times respectively as on 31st March 2022. Going forward, Acuité believes the financial risk profile of the firm will remain moderate on account of steady net cash accruals and no major debt funded capex plan over the near term.

### **Weaknesses**

#### **Working capital intensive operations**

The working capital intensive nature of operations of the firm is marked by GCA days which stood at 209 days in FY23 against 216 days in FY22. Further, inventory days and debtor days are stood on 31 days and 94 days respectively as on 31st March 2023 against 17 days and 94 days respectively as on 31st March 2022. Besides, the project billing and delivery schedule majorly contributed at the end of every fiscal. Along with approvals and extensive trails also resulted into elongated receivable days and working capital cycle have been improved in FY23 on an account of other current assets which stood at Rs.24.94 Crore as on 31st March 2023 against Rs.28.97 Crore as on 31st March 2022. On the other hand, the creditor days of the firm stood at 130 days as on 31st March 2023 against 198 days as on 31st March 2022. Acuite believes that intensive nature of working capital operations will remain a key sensitive factor.

### **Highly Competitive Industry**

The infrastructure is a fairly fragmented industry with a presence of few large pan India players where subcontracting & project specific partnerships for technical/financial reasons are fairly common. The firm faces stiff competition with its competitors in procuring orders through bidding, immense competition for procuring tenders leads to very competitive pricing which in turn lead to stress on the margins. Moreover, susceptibility of raw material pricing again keeps profit margin vulnerable risk and key sensitivity factor. However, presence of price escalation clause prevents the firm from exposure to raw material price fluctuations to some extent. Also, the vast experience of the promoters gives the firm an edge in procuring big size ticket orders but the stability of the order size in diversified segment is the key sensitive.

### **Rating Sensitivities**

- Stretch in working capital cycle leading to increase in working capital borrowing and weakening of financial risk profile and liquidity.
- Timely execution of its order book leading to substantial improvement in scale of operations while maintaining profitability margins over the medium term.

### **All Covenants**

None.

### **Liquidity Position Adequate**

The liquidity Profile of the firm is adequate. The firm have generated sufficient net cash accruals of Rs.7.88 Crore as on 31st March 2023 against the debt repayment obligations of Rs.7.00 Crore in the same period. Further, the firm is expected to generate the enough net cash accruals in near future against the debt repayment obligation of same period. The current ratio of the firm stood at 1.27 times as on 31st March 2023 against 1.11 times as on 31st March 2022. The consolidated average fund based bank limit utilisation of the firm stood at 75.27% in last 12 months ending July 2023 and the non-fund based limit remained moderately utilized at ~84% per cent in KMBL, 100% in HDFC and 61.21% in Yes Bank.

### **Outlook: Stable**

Acuité believes that Bindal Developers will continue to maintain a 'stable' outlook over the medium term due to its experienced management and established track record along with healthy order book position. The outlook may be revised to 'Positive', in case of higher than-expected revenues and profitability, while maintaining its capital structure and improving its working capital management. Conversely, the outlook may be revised to 'Negative' in case entity registers lower-than-expected revenues and profitability or any significant stretch in its working capital management or larger-than-expected debt-funded capital expenditure leads to deterioration of its financial risk profile and liquidity.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	111.95	99.38
PAT	Rs. Cr.	4.38	2.88
PAT Margin	(%)	3.91	2.90
Total Debt/Tangible Net Worth	Times	1.51	2.13
PBDIT/Interest	Times	2.47	2.87

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

None

### Any other information

Not applicable.

### 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, 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](http://www.acuite.in)

### Rating History :

Not Applicable

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	13.00	ACUITE A4+   Assigned
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	12.00	ACUITE A4+   Assigned
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	8.25	ACUITE A4+   Assigned
Axis Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	2.00	ACUITE BB+   Stable   Assigned
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	11.00	ACUITE BB+   Stable   Assigned
Kotak Mahindra Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.00	ACUITE BB+   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BB+   Stable   Assigned
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.75	ACUITE BB+   Stable   Assigned
Not Applicable	Not Applicable	Proposed Short Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE A4+   Assigned
Yes Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	3.00	ACUITE BB+   Stable   Assigned
Kotak Mahindra Bank	Not Applicable	Working Capital Demand Loan (WC DL)	Not available	Not available	Not available	Simple	3.00	ACUITE BB+   Stable   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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