



Press Release
BINDAL DEVELOPERS
January 30, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	42.00	ACUITE BB+ Stable Reaffirmed Negative to Stable	-
Bank Loan Ratings	58.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has reaffirmed 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.100.00 Crore bank facilities of Bindal Developers (BD). The outlook is revised from 'Negative' to 'Stable'.

Rationale for outlook change and reaffirmation:

Acuite wide its press release dated 2nd January 2025 changed the outlook of the rating from 'Stable' to 'Negative'. In response the client has appealed against same and provided the clarification which resulted in the improvement of the financial risk profile of the firm. Therefore we revise the outlook of the rating from 'Negative' to 'Stable'. The reaffirmation takes into account the improvement in scale of operations backed by healthy execution of orders and moderate financial risk profile. Further, the rating considers the experienced management and moderate order book position. However, the rating is constrained by working capital intensive operations, risk of capital withdrawal associated with proprietorship firms and tender based nature of business in a highly competitive nature of industry.

About the Company

Madhya Pradesh based, Bindal Developers (BD) is a proprietorship concern of Mr. Narsingh Bindal. The firm was established in 2007 and is engaged in Construction of Roads, Buildings & Bridges, Canal, bunds & barrage etc.

Unsupported Rating

Not Applicable

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 civil construction industry. The firm is engaged in construction of Roads, Buildings & Bridges, Canal, bunds & barrage etc. for government projects such as Rural Road under Pradhan Mantri Gram Sadak Yojana, construction of four lanes CC roads etc. and also as a sub-contractor for main contractors such as L&T infrastructures and Adani Road projects. The proprietor, Mr. Narsingh Bindal, 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 firm has reported an improvement in revenues which stood at Rs.161.01 Crore in FY2024 against Rs.111.98 Crore in FY2023 due to increase in execution of orders. The firm achieved revenues of Rs.92.00 Crore for 9MFY25. The company is having moderate order book of Rs 378.00 Crore as on 31st October, 2024, which gives revenue visibility for the medium term. Further, the operating margin was in the range of 10.36 percent to 9.93 percent over the past two years ending in FY2024. The improvement is due to better margins in the contracts of the firm.

Acuité believes the business risk profile of the firm will remain stable in the medium owing to the steady improvement in operating performance.

Moderate Financial Risk Profile

The financial risk profile of the firm remained moderate marked by moderate net worth, high gearing and average debt protection metrics. The net worth of the firm stood at Rs.63.60 Crore as on March 31, 2024 as against Rs.34.28 Crore March 31, 2023. The increase in net worth is due to increased Quasi Equity to Rs 40.95 Crore which management has given undertaking to retain in the business in medium to long term along with accumulation of profits. The total debt of the firm stood at Rs.71.35 Crore March 31, 2024 as against Rs.52.21 Crore March 31, 2023. Further, the gearing ratio of the firm improved and stood at 1.12 times in FY2024 against 1.52 times in FY2023. The TOL/TNW ratio stood high at 1.58 times in FY2024 against 2.33 times in FY2023. The debt protection metrics stood moderate with interest coverage ratio and debt service coverage ratio at 2.58 times and 1.08 times respectively in FY2024 against 2.87 times and 1.20 times respectively in FY2023.

Acuité believes the financial risk profile of the firm will remain moderate owing to absence of debt funded capex and moderate net worth base.

Weaknesses

Working Capital intensive Operations

Bindal Developers operations remained working capital intensive as evident in the gross current assets (GCA) of 265 days in FY2024 against 243 days in FY23. This is largely driven by high inventory days of 53 days in FY2024 as against 33 days in FY2023. The debtor days improved to 64 days in FY2024, against 96 days in FY23. Further, the creditor days of the group stood at 89 days in FY2024, against 142 days in FY23. The working capital limit utilization remained high at ~85.97 percent in past six months ending November 30, 2024.

Risk of capital withdrawal

Bindal Developers constitution as a proprietary firm is exposed to discrete risks, including the possibility of withdrawal of capital by the proprietor. Moreover, the proprietorship nature partially limits the flexibility to raise the funds vis - à-vis a limited company. The firm's capital was withdrawn to the extent of Rs. 3.96 Crore in FY2024 and Rs. 1.51 Crore in FY2023.

Acuité believes that any substantial withdrawal of capital by the proprietor is likely to have an adverse impact on the capital structure and thereby overall financial risk profile of the firm.

Highly Competitive Industry

The civil construction is a 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. 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

- Sustained improvement in revenues and profitability
- Working capital management
- Deterioration in the financial risk profile owing to withdrawal of capital or debt funded capex

Liquidity Position

Adequate

The liquidity Profile of the firm is adequate. The firm generated sufficient net cash accruals of Rs.13.45 Crore in FY2024 against the debt repayment obligations of Rs.11.89 Crore in the same period. Further, the firm is expected to generate net cash accruals of Rs. 13.97-15.85 Crore against debt repayment obligation of Rs. 9.54-7.38 Crore for the same period. The current ratio of the firm stood at 1.55 times in FY2024 against 1.13 times in FY2023.

The consolidated average fund based bank limit utilization of the firm stood at 85.97 per cent in last 6 months ending November 2024.

Acuité believes that the liquidity of the firm is likely to remain adequate due to steady net cash accruals as against moderate debt repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	161.01	111.98
PAT	Rs. Cr.	9.26	5.94
PAT Margin	(%)	5.75	5.30
Total Debt/Tangible Net Worth	Times	1.12	1.52
PBDIT/Interest	Times	2.58	2.87

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
02 Jan 2025	Bank Guarantee (BLR)	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	8.25	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	6.00	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	4.75	ACUITE A4+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BB+ Negative (Assigned)
	Cash Credit	Long Term	10.00	ACUITE BB+ Negative (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BB+ Negative (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BB+ Negative (Reaffirmed (Stable to Negative))
	Working Capital Demand Loan (WCDL)	Long Term	3.00	ACUITE BB+ Negative (Reaffirmed (Stable to Negative))
	Cash Credit	Long Term	13.00	ACUITE BB+ Negative (Reaffirmed (Stable to Negative))
05 Oct 2023	Secured Overdraft	Long Term	3.00	ACUITE BB+ Negative (Reaffirmed (Stable to Negative))
	Bank Guarantee (BLR)	Short Term	13.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	12.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	8.25	ACUITE A4+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	9.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	7.00	ACUITE BB+ Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	3.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	11.00	ACUITE BB+ Stable (Assigned)
	Secured Overdraft	Long Term	3.00	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	6.00	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.75	ACUITE BB+ 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
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A4+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+ Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.25	Simple	ACUITE A4+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A4+ Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A4+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.75	Simple	ACUITE A4+ Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BB+ Stable Reaffirmed Negative to Stable

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