

BBG Infrastructure Private Limited (Revised)

July 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	12.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	80.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Revised from CARE BB-; Stable / CARE A4 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from BBG Infrastructure Private Limited to monitor the rating(s) vide e-mail communications dated May 31, 2024; June 26, 2024; July 12, 2024; July 23, 2024; and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings on the basis of the best available information which, however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings of BBG Infrastructure Private Limited bank facilities will now be denoted as CARE B+; Stable/ CARE A4; ISSUER NOT COOPERATING*. Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by BBG Infrastructure Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. Further, the ratings are constrained on account of the company's modest scale of operations, high geographical and customer concentration of its orders in hand, presence in a highly fragmented and competitive construction industry. The ratings also factor invulnerability of profitability to volatile raw material prices and the low net-worth base of the company. The ratings, however, continue to derive strength from the established track record of operations of the company with reputed clientele, comfortable profitability margins and moderate financial risk profile.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on August 10, 2023, the following were the rating strengths and weaknesses.

Key weaknesses

Moderate scale of operations and revenue concentration risk albeit reputed clientele

The company is a small regional player involved in executing construction contracts mainly in Maharashtra with majority of orders for Nagpur Metro and Pune Metro projects. The ability of the company, to scale up to larger-sized contracts having better operating margins is constrained by its comparatively low capital base of Rs. 19.81 crores as on March 31, 2023, and total operating income of Rs 95.12 crore in FY23 (refers to period April 1 to March 31). The small scale of operations in a fragmented industry limits the pricing power and restricts the company to benefit through economies of scale. However, the company is looking to diversify its clientele by bidding for housing projects in Maharashtra that come under the Pradhan Mantri Awas Yojana.

Low order book position along with being geographically concentrated

BBG has an unexecuted order book position of Rs. 150.60 crore as on July 24, 2023, which is equivalent to ~1.58x of the total operating income achieved in FY23. However, the present unexecuted order book is concentrated towards metro projects in Nagpur and Pune, accounting for 87.5 % of total number of projects in the unexecuted order book. Thus, the company is exposed to risk of any unfavourable changes in the policies towards award of new contracts. Further, the company plans to bid for additional orders for around Rs. 2500 crores of projects which will further provide revenue visibility during medium term.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Volatility of raw material prices

In the absence of any backward integration, BBG procures its primary raw materials which includes steel, cement, sand, marble etc. from local vendors and hence, it is susceptible to volatility in the input prices, which may have an adverse impact on the profitability of the company. Although, the company does have a PVC (price variability clause) in their contracts, the ability of the company, to pass on increased price burden in a timely manner and maintain profitability margins is critical from the credit perspective.

Highly competitive industry with business risk associated with tender-based orders

BBG operates in a highly competitive construction industry wherein it faces direct competition from various market players given the low barriers to entry. BBG receives majority of its work orders from the Maharashtra Metro Rail Corporation (98% of the total order value). The risk arises from the fact that any changes in geo-political environment and policy matters would affect all the projects at large. Furthermore, the government projects are awarded through the tender-based system which exposes the company towards risk associated with the tender-based business. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Key strengths

Moderate financial risk profile

The company had a comfortable capital structure marked by nil debt as on March 31, 2023, however, with growth in scale of operations, the working capital requirements are expected to increase which will be financed through additional working capital borrowings from banks (both fund-based, and non-fund based). With the additional fund based and non-fund-based limits, the gearing of the company is expected to moderate and be at above 2x in short to medium term.

Adequate Profitability Margins

The company generated PBILDT margin of 18.98% during FY23 as against 9.01% in FY22 and PAT margin of 14.09% during FY23 as against 6.63% in FY22. The improvement is primarily on account of increase in TOI, which has gone up from Rs. 63.29 Cr in FY22 to Rs. 95.12 Cr in FY23. Also, the company earlier used to act as a sub-contractor, but after acquiring the required technical qualifications, it now bids as the main contractor, thereby, increasing the profitability margins of the company. The margins are expected to moderate slightly owing to company's presence in a competitive industry and tender based nature of operations.

Experienced promoters

The company is currently being managed by Mr. Priyadarshi Balu Agarwal and Mr. Nikhil Bharadwaj, who are MBAs by qualification and have an experience of more than a decade in the construction industry. In addition, the operations of the company are smoothly carried out by a team of managers and professionals who have requisite expertise in the civil engineering field. The company hires contractual workers on a project-to-project basis.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil Construction

BBG Infrastructure Private limited, established in 2019 is an Infrastructure development company headquartered in New Delhi. BBGIPL has been primarily constructing transportation projects and urban Infrastructure. BBGIPL started off with working as sub-contractor and took on the execution of balance work for metro stations in Noida and Ghaziabad. Later, after acquiring the required technical qualifications, they started bidding as main contractors for Pune and Nagpur metro projects. They have executed balance work on metro stations such as Prajapati Nagar, Raj Bagh, Rajinder Nagar, Noida Sector 59 and 62 etc.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	63.29	95.12	NA
PBILDT	5.70	18.05	NA
PAT	4.20	13.41	NA
Overall gearing (times)	0.00	0.00	NA
Interest coverage (times)	454.38	423.52	NA

A: Audited UA: Unaudited; NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: ICRA has moved the ratings to the bank facilities of BBGIPL to the 'issuer not-cooperating' category vide press release dated October 12, 2023, on account of its inability to carryout review in the absence of requisite information from the company.

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	12.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	80.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working Capital Limits	LT	12.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (10-Aug-23)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	80.00	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4 (10-Aug-23)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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Disclaimer:

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