

## B Fouress Private Limited

January 30, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	150.00	CARE BBB; Stable / CARE A3+	Assigned

Details of facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to bank facilities of B Fouress Private Limited (BFPL) derive strength from its established track record of operations in the engineering industry and its healthy and geographically diversified orderbook, yielding good revenue visibility in the near-to-medium term.

The ratings also take cognisance of significant growth in BFPL's scale of operations in 9MFY25 (FY refers to period from April 01 to March 31), its moderate financial risk profile and adequate liquidity.

However, ratings remain constrained considering BFPL's moderate scale of operations and high working capital intensity due to elongated collection period. The ratings also factor BFPL's moderate profitability, which is vulnerable to volatility of raw material prices and exchange rate fluctuations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Growth in total operating income above Rs.350 crore while maintaining its PBILDT margin more than 7.50% on a sustained basis.
- Improvement in TOL/TNW below 2x on sustained basis.
- Improvement in GCA days below 200 days on sustained basis.

#### Negative factors

- Significant decline in scale of operations below Rs.125 crore and PBILDT below 4.00%.
- Availment of higher than envisaged borrowings resulting in deterioration in TOL/TNW above 4x.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectations that BFPL shall be able to sustain its credit risk profile considering its established track record of almost four decades, its moderate revenue visibility and financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Established track record of BFPL's operations

Incorporated in 1985, BFPL has a track record of almost four decades in the engineering industry. The company has gained extensive experience in designing and commissioning plants with various hydrological characteristics and has successfully commissioned 555 units for Small Hydropower (SHP) projects across Asia, Africa, North America, South & Latin America, the Balkans, and the CIS region, totalling 1995 MW of installed power capacity. BFPL's operations are managed by Sohaya Sameer Shetty, managing director, who has vast experience of around three decades in the industry and is supported by experienced second tier management team.

##### Healthy orderbook yielding good revenue visibility

As on November 30, 2024, BFPL had a total orderbook of ₹832 crore of which active orders are worth around ₹609 crore, for design, manufacture, supply, installation and commissioning of electro-mechanical components on a turnkey basis. Around ~48% of the company's orderbook comprises of export, with its key international markets including Nepal, Vietnam, Georgia, Albania, and Indonesia. The orderbook is to be executed over next 12-24 months and is ~4.17x of FY24's TOI, yielding good revenue visibility in the medium term.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Moderate capital structure and debt coverage indicators

BFPL maintains a conservative approach to debt, with minimal reliance on bank borrowings for working capital needs. BFPL's capital structure is moderate, primarily due to non-interest-bearing customer advances backed by BG. This has resulted in an overall gearing ratio and a TOL/TNW ratio of 0.88x and 2.95x, respectively, as of FY24, up from 0.32x and 2.01x as of FY23. The company's debt coverage metrics remained moderate marked by interest coverage ratio of 3.02x in FY24 (FY23: 2.13x) and total debt/GCA at 7.22x as on March 31, 2024 (PY: 2.47x). The interest coverage ratio improved to 9.19x in 9MFY25 due to improvement in operating margin.

### Key weaknesses

#### Moderate; despite growing scale of operations

BFPL had moderate scale of operations in the range of ~₹134-160 crore in the last five years trailing FY24. In 9MFY25 (Provisional), the company has reported TOI of ~₹165 crore surpassing the TOI of Rs. 146.58 crore achieved in FY24 and is expected to achieve TOI of ~₹250 crore in FY25.

#### Moderate profitability, which is vulnerable to volatility of raw material prices and exchange rate fluctuations

BGPL's PBILDT margin varies and is dependent on the type of projects executed and billed within a given year, resulting in a range of 4.90% to 6.84% in the last three years ending FY24. In FY24, BFPL reported a PBILDT margin of 4.92%, which was 191 basis points lower year-over-year (y-o-y) due to higher raw material costs. In 9MFY25 (provisional), BFPL reported PBILDT and PAT margin of 8.02% and 5.90%, respectively. Going forward, Care Ratings expects the company's PBILDT margin to remain in range of 7.00%-8.00%.

Furthermore, BFPL's profitability remains vulnerable to fluctuations in raw material prices, especially steel and casting prices, the prices of which are driven by demand-supply dynamics, as majority of the contracts in BFPL's orderbook are fixed-price contracts. This risk is partially mitigated by back-to-back supply arrangements for materials. Additionally, with the growing share of export orders, the company is also exposed to exchange rate fluctuations.

### High working capital intensity

The engineering segment is inherently working capital intensive primarily due to funding requirement towards the security deposits, retention amount and margin money for the non-fund-based facilities. Skewness of billing cycle towards Q4FY24 and low bargaining power, has led to significant increase in receivables as on FY24-end. As a result, BFPL's gross current asset (GCA) days elongated to 419 days (PY: 334 days) as on March 31, 2024.

### Liquidity: Adequate

BFPL's liquidity position remains adequate marked by absence of any long-term debt obligations, low utilisation of working capital limits and free cash and bank balance of Rs. 45.52 crore as of March 31, 2024, apart from lien marked fixed deposits amounting of Rs. 19.30 crore as of March 31, 2024.

The average utilisation of fund-based remained low at 22% and non-fund-based limits remained moderate at 77% during the trailing 12-month period ending in October 2024. Going forward, liquidity position of the company is expected to remain adequate with negligible debt repayment obligation and unutilized working capital limits sufficient to meet the incremental working capital requirement in FY25, along with advance from customers.

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

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Manufacturing Companies](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 1985, Karnataka-based B Fouress Private Limited (BFPL) offers “Water to Wire” solutions for the small hydro power sector and undertakes the design, manufacture, supply, installation and commissioning of electro-mechanical components on a turnkey basis for its customers within India and abroad. BFPL also manufactures Turbines of per unit capacities ranging from 500 KW to 30000 KW.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	139.26	146.58	164.99
PBILDT	9.51	7.22	13.24
PAT	5.69	5.92	9.73
Overall gearing (times)	0.32	0.88	0.83
Interest coverage (times)	2.13	3.02	9.19

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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 and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	6.00	CARE BBB; Stable / CARE A3+
Fund-based - LT/ ST-Packing Credit in Indian rupee		-	-	-	8.00	CARE BBB; Stable / CARE A3+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	136.00	CARE BBB; Stable / CARE A3+

#### Annexure-2: Rating history for 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	136.00	CARE BBB; Stable / CARE A3+				
2	Fund-based - LT/ ST-Cash Credit	LT/ST	6.00	CARE BBB; Stable / CARE A3+				
3	Fund-based - LT/ ST-Packing Credit in Indian rupee	LT/ST	8.00	CARE BBB; Stable / CARE A3+				

LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Fund-based - LT/ ST-Packing Credit in Indian rupee	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated:** Not applicable

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

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**About us:**

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