

Bikash Adhikary

March 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	15.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable 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 Ltd. has been seeking information from Bikash Adhikary to monitor the rating(s) vide e-mail communications/letters dated December 17, 2024, January 03, 2025, and February 24, 2025, among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, Bikash Adhikary has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Bikash Adhikary's bank facilities will now be denoted as **CARE B; Stable; 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 lack of clarity on future growth strategy and inability to monitor the performance of the firm, which is critical for assessing the credit risk profile of the firm. The entity's rating is constrained by small scale of operations with volatile profitability margins, moderate order book position, leverage capital structure and moderate debt coverage indicator, working capital intensive nature of operation, profitability susceptible to volatility in input prices, constitution as proprietorship entity, tender based nature of operation in intensely competitive civil construction industry and geographical concentration risk. However, the ratings derive strength from its experienced proprietor with long track record of operation with satisfactory order book position.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on April 30, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Small scale of operation with volatile profitability margins:

The scale of operation of the firm remained small marked by total operating income (TOI) of Rs.10.49 crore in FY23 as against TOI of Rs. 14.98 crore in FY22 due to slower execution of order book and company's increased focus on bidding for contracts of Central PWD instead of state government projects where receivable cycle is longer. TOI has increased to Rs. 15.46 crore in FY24(Prov.) on account of improved execution of orders in hand. With receipt of orders/L1 from CPWD, the management expects improvement in TOI in FY25.

Profitability susceptible to volatility in input prices

The major input materials for the entity are cement, bricks, iron rod, sand etc. the prices of which are volatile. Since the new orders from CPWD are to be executed within 18-24 months, there is no price escalation clause in these contracts. This exposes the company to volatility in raw material prices. Therefore, PBIDT margins remain volatile and moderated from 8.79% in FY22 to 4.86% in FY23 and subsequently improved to 15.14% in FY24.

Leverage capital structure and moderate debt coverage indicator:

The capital structure of the company remains moderate marked by overall gearing of 2.50x as on March 31, 2023, and 3.05x as on Mar 31, 2024 (Prov), as against 1.80x as on March 31, 2022 majorly due to infusion of unsecured loans from promoters to support operations.

The debt coverage indicator marked by Interest coverage ratio and TD/GCA moderated from 1.86x and 14.81x in FY22 to 0.50x and 18.10x in FY23 on account of lower execution of orders. In FY24, interest coverage and TD/GCA improved to 1.96x and 12.00x.

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

Working capital intensive nature of operations:

The operations are working capital intensive due to tender based and medium-term nature of contracts. The firm needs to furnish earnest money deposits (EMD) during the bidding process which leads to funds getting blocked even before the project is awarded. Further, a part of the sales proceeds (3%-5%) by State government contract and 10% by central government (CPWD) is also withheld in the form of retention money which necessitates requirement of working capital requirement. The retention money received after 1 year post completion of project from CPWD and from state government the 30% of retention money is received after 3 years post completion of projects, 30% after 4th year post completion of projects and remaining 40% after 5th year as articulated by management.

The average collection period of firm stood at 225 days in FY23 as against 208 days in FY22 and creditor's period stood at 45 days in FY23 to 46 days in FY22. On the overall, the working capital cycle stood at 237 days in FY23 (191 days in FY22). The comp

Constitution as a Proprietorship firm exposing it to risk of withdrawal of capital

Bikash Adhikary's legal status as proprietorship firm exposes it to the risk of withdrawal of capital by proprietor at times of personal contingency and limited ability of the firm to raise capital.

Geographical concentration risk

The firm has various sites and projects in various places in West Bengal. However, being concentrated all its operations in a single state exposes the firm to geographical concentration risk.

Key strengths

Experienced proprietor with long track record of operation:

Mr. Bikash Adhikary having long experience of more than 2 decade in civil construction industry and looks after day-to-day operations of the entity along with other technical and non-technical teams who are having long experience in the same industry. He is Class 1 contractor for central government projects and can bid for a tender upto Rs. 50 crores.

Moderate Order book position:

The firm has o/s order book in hand as on April 01, 2024, of Rs. 40.78 crores being 3.88x of total operating income in FY23. Further the firm is L1 bidder in one project of CPWD for construction of Kendra Vidyalaya in Tarkeshwar, West Bengal of Rs. 24 crores. Majority of new orders are from CPWD where payment is received within 10-15 days from the date of billing as compared to West Bengal government projects where it takes 60-90 days to realize payments from the date of billing.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

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

[Construction](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Bikash Adhikary is proprietorship firm incorporated in 1994 and is engaged in civil construction business in the state of West Bengal. The entity is Class 1 contractor for central govt projects and can bid upto Rs. 50 crores. The firm undertakes contract of development of road, drainage, police quarter and other structure. The firm bags contract from CPWD (Central Public Works Department), PWD (Public Works Department) and KMC (Kolkata Municipal Corporation), Government of West Bengal, WBSAMB (West Bengal State Agriculture Marketing Board). Mr. Bikash Adhikary (Prop.) have an experience of more than 2 decade in civil construction business and look after day-to-day operations of the entity.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	14.98	10.49	15.46
PBILDT	1.32	0.51	2.34
PAT	0.45	0.33	0.60
Overall gearing (times)	1.80	2.50	3.05
Interest coverage (times)	1.86	0.50	1.96

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	13.37	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	November 2026	1.63	CARE B; Stable; ISSUER NOT COOPERATING*

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

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	Fund-based - LT-Cash Credit	LT	13.37	CARE B; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (30-Apr-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (23-May-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (17-May-22)	-
2	Fund-based - LT-Bank Overdraft	LT	-	-	1)Withdrawn (30-Apr-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (23-May-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (17-May-22)	-
3	Fund-based - LT-Term Loan	LT	1.63	CARE B; Stable; ISSUER NOT COOPERATING*	1)CARE B+; Stable (30-Apr-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (23-May-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (17-May-22)	-

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

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

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 for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Arindam Saha Director CARE Ratings Limited Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in</p> <p>Punit Singhania Associate Director CARE Ratings Limited Phone: +91-033- 40181620 E-mail: punit.singhania@careedge.in</p> <p>Sumit Shaw Analyst CARE Ratings Limited E-mail: Sumit.shaw@careedge.in</p>
--	---

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**