

Bahl Builders Private Limited

March 20, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	35.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded 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 Ltd. has been seeking the information required for carrying out the annual surveillance exercise for the ratings assigned to the facilities of Bahl Builders Private Limited vide e-mail communications dated March 12, 2025; March 07, 2025; March 04, 2025; February 26, 2025, and various telephonic interactions on the above subject. However, despite our repeated requests, the company has not provided the information required for carrying out the annual surveillance exercise for the ratings assigned to the instruments of Bahl Builders Private Limited. Also, Bahl Builders Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings 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. The ratings on BBPL bank facilities will now be denoted as CARE BB; 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 BBPL 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. The ratings remain constrained by the moderate scale of operations, low profitability margins and low order book position of the company. The ratings are further constrained by the highly competitive and fragmented nature of industry with business risk inherent due to tender driven nature of business, Volatility in raw material prices coupled with absence of price escalation clause in majority of its contracts. However, the ratings derive comfort from track record of the promoters in the construction industry, comfortable financial risk profile as reflected by lower gearing and other debt protection metric and adequate liquidity position of the company as reflected by moderate operating cycle.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers: At the time of last rating on February 26, 2024, the following were the ratings weaknesses and strengths (updated for financials for FY24 audited financials received from the company).

Key weaknesses

Moderate scale of operations: During FY24 (refers to the period April 1, 2023, to March 31, 2024), the company's scale of operations remains moderate, although it has shown improvement over FY23 (refers to the period April 1, 2022, to March 31, 2023). The total operating income increased from ₹57.71 crore in FY23 to ₹77.2 crore in FY24. However, despite this growth, the revenue is still lower than the pre-COVID level of ₹96.49 crore in FY20, highlighting the company's limited ability to scale up significantly. The tangible net worth stood at ₹25.63 crore as of March 31, 2024. The company has achieved an income of ₹88.07 crore in 9MFY25 (refers to the period April 1, 2024, to December 31, 2024), indicating further revenue growth.

Low profitability margins: The profitability margins remain low, although showing some improvement. The PBILDT margin increased to 4.69% in FY24 (FY23: 2.76%), while the PAT margin slightly moderated to 2.08% in FY24 (FY23: 2.13%). The improvement in PBILDT margin is due to better cost management, but the PAT margin remains under pressure due to increased

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

depreciation and moderate interest costs. Given the nature of contracts executed, profitability remains susceptible to variability.

Highly competitive and fragmented nature of industry with business risk inherent due to tender driven nature of business: BBPL operates in a highly competitive construction industry wherein it faces direct competition from various organized and unorganized players in the market given the low barriers to entry. There are number of small and regional players catering to the same market which has limited the bargaining power of the company and has exerted pressure on its margins. BBPL receives majority of work orders from government/ public sector undertakings. The risk arises from the fact that any changes in geopolitical environment and policy matters would affect all the projects at large. Further, any changes in the government policy or government spending on projects are likely to affect the revenues of the company. The company majorly undertakes government projects which are awarded through the tender-based system. This exposes the company towards risk associated with the tender based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder.

Volatility in raw material prices coupled with absence of price escalation clause in majority of its contracts: The prices of the key raw materials viz., Steel, cement, bitumen and aggregates and are very volatile in nature. Although, BBPL does not have an in-built price escalation clause in majority of its current contracts, the company includes the possibility of raw material volatility at the time of bidding for contracts. Volatility in input prices also impacted the profitability margins of the company. Moreover, the company does not enter into any agreement with client to safeguard its margins and against any increase in labour prices; it remains susceptible to the same. Hence any adverse fluctuation in the prices can adversely affect the profitability margins of the company.

Low order book position: The company has an unexecuted order book position of Rs.98.89 crore as on Dec 31, 2023, representing 1.71x of the total operating income of FY23. The company is dependent on timely execution and payments from these projects. The company has a long association with its key clients; however, in the long run the company needs to diversify its client base to reduce the dependence on any particular client. The company's ability to get new contracts with adequate profitability margins will remain a key monitorable.

Key strengths

Established track record of the promoters in the construction industry: The overall operations of the company are currently managed by the directors of the company Mr. Anil Bahl and Mr. Pravin Bahl, both are having an experience of around three decades in same line of business. Due to the vast experience and history of successful completion of many projects, the directors have developed good reputation in the market as well good relationship with its suppliers and customers. Further, the directors have adequate acumen about various aspects of business which is likely to benefit BBPL in the long run.

Comfortable capital structure: The company continues to maintain a comfortable capital structure with minimal debt levels. The overall gearing remained low at 0.08x as of March 31, 2024 (FY23: 0.03x). The debt profile includes working capital borrowings of ₹1.75 crore and unsecured loans of ₹0.21 crore, with no outstanding term loans. The coverage indicators have significantly improved, with interest coverage increasing from 2.74x in FY23 to 6.01x in FY24, reflecting a stronger ability to service debt obligations.

Moderate Operating Cycle: The operating cycle remained stable at 60 days in FY24, similar to FY23. The company's average collection period improved slightly to 63 days in FY24 (FY23: 68 days), supported by quicker realizations from government contracts. However, payments from certain private players continue to be stretched. The average creditor days decreased to 24 days (FY23: 34 days), leading to slightly higher reliance on working capital.

Liquidity: Adequate

The liquidity position remains adequate, with expected gross cash accruals of ₹2.86 crore in FY24 against minimal repayment obligations. The company maintains a sufficient cash balance of ₹10.23 crore as of March 31, 2024. The current ratio stood at 1.68x (FY23: 1.98x), and the quick ratio stood at 1.39x (FY23: 1.83x), indicating a reasonable liquidity buffer.

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

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Delhi based, Bahl Builders Private Limited (BBPL) was incorporated in 1957 as a sole proprietorship, Parmeshwari Dass & Sons, by Mr Krishnan Prakash Bahl. BBPL became a private limited company in 1995 and is currently managed by Mr. Anil Bahl, Mr. Sunil Bahl, Mr. Anoop Bahl and Mr. Pravin Bahl. The company is engaged in civil construction, mainly for commercial and residential buildings and roads. It undertakes projects from various government and private entities at various locations all over India. The major contracts are allotted to it by government agencies including Defence Research and Development Organisation (DRDO).

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	68.34	57.71	77.20
PBILDT	1.45	1.59	3.62
PAT	1.61	1.23	1.61
Overall gearing (times)	0.21	0.03	0.08
Interest coverage (times)	2.70	2.74	6.01

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

Status of non-cooperation with previous CRA: CRISIL has placed the rating assigned to the bank facilities of Bahl Builders Private Limited into Issuer Not Cooperating category vide their press release dated May 29, 2024, on account of their inability to carry out a review in the absence of requisite information.

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-Bank Overdraft	-	-	-	-	1.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST	-	-	-	-	5.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	30.00	CARE BB; Stable / CARE A4; 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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	30.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (01-Mar-24)	1)CARE BB+; Stable / CARE A4+ (23-Feb-23)	-
2	Fund-based - LT-Bank Overdraft	LT	1.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (01-Mar-24)	1)CARE BB+; Stable (23-Feb-23)	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	5.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (01-Mar-24)	1)CARE BB+; Stable / CARE A4+ (23-Feb-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 rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based/Non-fund-based-LT/ST	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](#)

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

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About us:

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Disclaimer:

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