

## BNA Infrastructure Private Limited

April 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long-term bank facilities	10.00 (Reduced from 27.49)	CARE BBB; Stable	Reaffirmed; Outlook revised from Negative
Long-term / Short-term bank facilities	65.01 (Enhanced from 35.01)	CARE BBB; Stable / CARE A3+	Reaffirmed; Outlook revised from Negative

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of BNA Infrastructure Private Limited (BIPL) derives strength from established track record of its promoters in construction industry, healthy order book positions, healthy profitability margins, comfortable capital structure and debt coverage indicators and adequate liquidity. The rating also takes cognisance of completed two hybrid annuity model (HAM) project under special purpose vehicle (SPV) in the past and ongoing HAM project.

However, rating strengths are partially offset by BIPL's moderate despite increasing scale of operations, geographically and segmentally concentrated operations, working capital intensive operations, execution risk associated with new HAM project and its presence in a highly fragmented and competitive tender driven construction industry.

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

#### Positive factors

- Growth in its total operating income (TOI) above ₹350 crore while maintaining profitability at prevailing levels on a sustained basis.
- Improvement in liquidity with recovery of amount due from its SPVs and other engineering, procurement, and construction (EPC) customers as envisaged.

#### Negative factors

- Reduction in TOI to ₹100 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 14% on a sustained basis.
- Deterioration in overall gearing above 1x on a sustained basis.
- Increase in the working capital intensity or term loans for planned equity commitment for HAM project resulting in higher reliance on bank borrowings, adversely affecting debt coverage and liquidity.

### Analytical approach: Standalone

#### Outlook: Stable

Revision in outlook from 'Negative' to 'Stable' is considering CARE Ratings Limited's (CARE Ratings) expectation of improvement in BIPL's scale of operations driven by healthy order book position with sustainable financial risk profile.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters with long track record of operation in the construction industry

BIPL is presently managed by Milind Agrawal, Managing Director (second generation of the family) having experience of over three decades in execution of small-mid-sized road, bridge and other civil works. He is supported by Pratik Agarwal (third generation of the family) and other family. All key directors of the company are civil engineers and supported by a team of experienced professionals in the company's day-to-day operations. BIPL has already completed execution of two state HAM road projects under SPVs in Maharashtra without availing external debt, demonstrating execution capabilities of promoters.

##### Comfortable orderbook position

BIPL has a healthy orderbook position of ₹988.77 crore as on December 31, 2024, forming orderbook to TOI of FY24 of 6.26x (against orderbook of ₹178.49 crore as on January 31, 2024). It includes HAM project having EPC cost of ₹480 crore awarded by NHAI to its SPV indicating a comfortable revenue visibility in the near-to-medium term. Around 71% of its orderbook consists of four major orders, including a HAM project from NHAI, two from Maharashtra State Infrastructure Development Corporation (MSIDC) and other from PWD, Jalgaon, which are expected to be completed by FY27. BIPL had successfully completed two state HAM projects (including extension of time) in the past. BIPL's entire orderbook is from state/central government entities including PWD, Maharashtra and Central railways having limited counterparty credit risk. This order book is expected to provide healthy revenue visibility in the medium term. However, timely execution without major external debt remains key credit monitorable.

### Comfortable capital structure and debt coverage indicators

BIPL's capital structure remained comfortable considering low reliance on external debt and relatively high tangible net worth (TNW). Overall gearing remained comfortable at 0.15x as on March 31, 2024, compared to 0.14x as on March 31, 2023. Total outside liability (TOL) to TNW improved to 0.29x as on March 31, 2024, compared to 0.48x as on March 31, 2023, due to increase in accretion in net worth led by increased profits. However, considering the term loan (guaranteed by BIPL) of ₹298 crore (of which ₹35 crore disbursed till March 2025), adjusted overall gearing is expected to deteriorate and stay at moderate level in the near-to-medium term.

Debt coverage indicators also remain comfortable with total debt to gross cash accruals (TD/GCA) improving to 1.09x in FY24 from 1.18x in FY23 owing to increase in absolute GCA level. Interest coverage also improved to 12.80x in FY24 compared to 8.20x in FY23 owing to increase in absolute PBILDT value. Going forward considering expected equity commitment for its planned HAM projects and execution of the ongoing EPC projects, major debt additions and its possible impact on the company's credit profile remains a key monitorable.

### Healthy profitability margins

BIPL's PBILDT margin remained healthy and the same has improved from 15.23% in FY23 to 18.50% in FY24 mainly considering increase in the scale of operations and early payments made to suppliers easing them for negotiations, resulting in reduction in costs incurred over the said period. Profit after taxation (PAT) margin also stood healthy and almost stable at 16.27% in FY24 against 16.36% in FY23 due to reduction in the non-operating income in the year. The company expects its profitability margins to further improve in the medium term considering higher execution of orders increasing TOI.

### Key weaknesses

#### Moderate although increasing scale of operations

BIPL's overall scale of operations remained moderate as marked by TOI stood in the range of ₹119.52 crore to ₹191.12 crore in the last four years ended FY24. TOI has increased by 32% to ₹158.01 crore in FY24 from ₹119.52 crore in FY23. Growth in TOI was considering higher execution of orders and continuous increase in orders received from government departments across Maharashtra due to increase in fund allocations from state and central government departments. The company achieved TOI of ₹141.22 in 9MFY25 and expects its revenue to increase in the near-to-medium term.

#### Working capital intensive operations

Being into the construction industry, BIPL's operations remained highly working capital intensive due to funds blocked in receivables, funding requirement for security deposits, retention amount & margin money for contracts and non-fund-based facilities. The gross current asset period improved, however remained higher at 554 days in FY24 (771 days in FY23) which majorly includes due from SPVs towards EPC contractor bills and loans & advances given to related parties. After adjusting, gross current asset days remained at 200 days in FY24 (321 days in FY23). BIPL's operating cycle also remained high at 255 days in FY24 compared to 376 days in FY23 owing to the mentioned reasons. However, after adjusting this, operating cycle remained at 100 days in FY24.

#### Presence in fragmented and highly competitive construction industry

BIPL is a mid-sized player operating in the intensely competitive construction industry with presence of numerous players. Increase in the competition and entry of new players may exert pressure on its profitability. Aggressive bidding, interest rate risk and delays in project due to non-availability of project land, requisite environmental clearance among others are other external factors that affect the credit profile of the industry players. However, long track record of promoters in the construction industry with focus on road and bridge projects stands as distinct advantage to the other similar mid-sized players in the industry.

#### Focus on road and bridge segment and high geographical concentration

BIPL majorly bids for tenders related to construction of roads and bridges, resulted in concentration of its orderbook in road sector (94% of outstanding orderbook as on December 31, 2024) and balance 6% pertains railway sector. BIPL's entire orderbook remained concentrated with majority orders in Maharashtra state, which exposes it to changes in government policies /political upheavals in the state.

#### Liquidity: Adequate

BIPL's liquidity position remained adequate marked by healthy cushion available in expected GCA compared to long-term debt repayment obligations of ₹16.68 crore for FY25 and ₹17.65 crore for FY26. Average utilisation of its fund-based working capital limits stood at ~60% for 12 months ended December 2024. Average utilisation of non-fund-based limits remained moderate at ~54% for 12 months ended December 2024. As on March 31, 2024, BIPL had free cash and liquid investments (deposits) of ~₹69.19 crore. At present there are no external debt availed by SPVs for completed HAM project and surplus generated after meeting operational expenses has been up streamed to BIPL.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Policy on Default Recognition](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Rating of Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Bhusawal, Maharashtra based BIPL was promoted by Late Jagdish Agrawal in 1973 as a partnership concern under name 'B N Agrawal'. The firm was converted into private limited company in 2018 under present name. BIPL is presently managed by Milind Agrawal, Managing Director and its Pratik Agrawal, Director and other members of Agrawal Family. BIPL is engaged construction of small-mid size Road, Bridges, Road over Bridge (ROB), Earthwork and other civil works in Maharashtra on EPC basis. The company is registered as "AA" contractor with Public Work Department of Maharashtra.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	119.52	158.01	141.22
PBILDT	18.20	29.24	NA
PAT	19.55	25.70	17.73
Overall gearing (times)	0.14	0.15	NA
Interest coverage (times)	8.20	12.80	NA

A: Audited UA: Unaudited NA: Not available; 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		-	-	-	10.00	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	65.01	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	65.01	CARE BBB; Stable / CARE A3+	1)CARE BBB; Negative / CARE A3+ (02-Apr-24)	1)CARE BBB; Stable / CARE A3+ (07-Apr-23)	-	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB; Stable	1)CARE BBB; Negative (02-Apr-24)	1)CARE BBB; Stable (07-Apr-23)	-	-

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-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view 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](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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### Disclaimer:

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