

## Balabharti Infrastructure Private Limited

April 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3.30 (Reduced from 5.00)	CARE BB+; Stable	Reclassified LT / ST facilities to LT; LT rating reaffirmed
Long Term / Short Term Bank Facilities	18.20 (Enhanced from 16.50)	CARE BB+; Stable / CARE A4+	LT rating and Stable outlook assigned and ST rating reaffirmed
Short Term Bank Facilities	3.50	CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Balabharti Infrastructure Private limited (BIPL) continue to remain constrained on account of moderate scale of operation and profitability with exposure to execution risk in slow-moving orders, geographically concentrated order book, presence in a highly fragmented and competitive industry wherein the profitability is susceptible to volatile raw material prices.

Ratings, however, continue to derive strength from comfortable orderbook position providing medium term revenue visibility, comfortable financial risk profile, established track record of operations with reputed clientele and adequate liquidity position.

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

#### Positive factors

- Growth in its total operating income (TOI) to above Rs.150 crore along with improvement in profit before interest, lease, depreciation and tax (PBILDT) margin to above 8% on a sustained basis, while maintaining the existing capital structure and liquidity.

#### Negative factors

- Deterioration of overall gearing beyond 1.5 times.
- Deterioration of working capital cycle beyond 150 days.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that BIPL will continue to derive benefit from experience of its promoters having long-track record of operations in the construction industry, comfortable order book position providing medium term revenue visibility and comfortable solvency position.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate scale of operation and profitability with exposure to execution risk in slow-moving orders

TOI of BIPL declined by 28% on y-o-y basis to Rs. 55.52 crore in FY24 as against Rs. 77.50 crore in FY23. TOI of the company depends on number of contracts received and amount of work executed by it. During FY24, TOI of the company has declined owing to slow execution in certain orders. However, during 9MFY25 (Prov.), BIPL reported TOI of Rs. 62.20 crore.

PBILDT margin of BIPL also declined by 233 bps from 7.51% in FY23 to 5.18% in FY24 due to increase in cost of raw materials. However, profit after tax (PAT) margin of the company remained stable at 4.45% in FY24 as against 4.52% in FY23 owing to non-operating income.

As on March 24, 2025 BIPL had an O/s orderbook of Rs. 245 crore (PY: Rs. 315 crore), of which around 80-90% orders are slow-moving, reason for which can be attributed to non-receipt of pre-requisite clearances, low workable hours and delay in receipt of advance from the principal contractor. Since the company acts as a sub contractor in some of the projects, it has limited control over issues faced in these projects, which leaves the company's profitability susceptible to the same.

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

BIPL is a small-sized player operating in an intensely competitive and fragmented construction industry with presence of large number of contractors. Furthermore, owing to high focus of government on the construction sector, these projects are lucrative for all the contractors as well as sub-contractors and hence are highly competitive. The prices of basic raw materials (structural steel, cement, bitumen, asphalt) required by BIPL are volatile in nature, which further makes its profitability susceptible to

<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.

adverse movement in them. However, the presence of escalation clause in the projects that BIPL has, mitigates the risk to certain extent.

### Key strengths

#### Comfortable order book position providing medium term revenue visibility

As on March 24, 2025 BIPL had an O/s orderbook of Rs. 245 crore providing medium term revenue visibility (PY: Rs.317 crore as on February 15, 2025) forming an orderbook to TOI ratio of 4.45x (PY:4.09x). Majority of the projects are from reputed engineering, procurement and construction (EPC) companies or state governments leading to low counter-party credit risk. However, execution of the projects in timely manner shall remain a key rating sensitivity.

#### Comfortable financial risk profile

The capital structure of the company although declined, however remained comfortable marked by below unity gearing of 0.99x as on March 31, 2024. (0.17x as on March 31, 2023). The deterioration in overall gearing is owing to infusion of interest-free unsecured loans to the tune of Rs. 12.53 crore as on March 31, 2024. The debt coverage indicators also moderated as marked by total debt to Gross cash accruals (GCA) of 5.13 times as on March 31, 2024 (0.63 times as on March 31, 2023). Further, interest coverage also moderated to 4.06 times (22.24 times in FY23) owing to higher interest cost. A major part of the working capital requirement is funded through availing advances from EPC companies and hence TOL/TNW remained moderate at 3.05 times as on March 31, 2024. (PY: 1.98 times).

#### Established track record of operations with reputed clientele

BIPL is promoted by Mr Rajendra Singh and Mrs Neelam Kanwar, who have more than one and a half decades of experience in the industry and look after the overall activities of the company. The management has been instrumental in assisting the company to achieve the growth strategies on account of their extensive experience in execution of contracts.

#### Liquidity: Adequate

Liquidity of the company stood adequate marked by adequate cushion in cash accruals as against negligible debt repayment obligations. For FY25-FY27, the company is envisaged to generate gross cash accruals of Rs. 4.15-5.50 crore as against negligible repayments. The working capital cycle of the company elongated to 136 days in FY24 as against 61 days in FY23 owing to higher inventory as on balance sheet date. The inventory increased from Rs. 3.5 crore as on March 31, 2023 to Rs. 28.20 crore as on March 31, 2024. For its working capital requirement, the company receives part payment as advance from customers at the time of purchasing the raw material. The amount received does not carry any interest and no bank guarantee (BG) is required to be issued against it. In FY24, the current ratio and quick ratio of the company stood at 1.12x (FY23: 0.76x) and 0.63x (FY23: 0.66x). BIPL has fund based working capital limit of Rs. 6.8 crore whose average closing utilization remained moderate at 52% during trailing 12 months period ending December 2024. Further, as on March 31, 2024 the company has free cash and liquid investments aggregating to Rs 14.98 crore (Rs. 10 crore as on March 31, 2023).

#### Assumptions/Covenants: Not applicable

#### 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](#)

[Short Term Instruments](#)

#### About the company and industry

##### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Jaipur - based (Rajasthan) Balabharti infrastructure started its operations in 2006 as a sole proprietorship firm, later in 2010 it was converted into a private limited company i.e. Balabharti infrastructure Private limited (BIPL). The company is promoted by

Rajendra Singh and Neelam Kanwar. BIPL is engaged design, supervision & construction of RE Wall with RE Blocks (RE- Reinforced Earth Wall.), construction of ROB (Road over Bridge) and Supply of Composite Steel Girder. The company directly bids for projects in EPC as well as takes project on subcontract basis.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	77.50	55.52	62.20
PBILDT	5.82	2.88	NA
PAT	3.50	2.47	NA
Overall gearing (times)	0.17	0.99	NA
Interest coverage (times)	22.24	4.06	NA

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not applicable

**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-Cash Credit	-	-	-	-	3.30	CARE BB+; Stable
Fund-based - ST-Bank Overdraft	-	-	-	-	3.50	CARE A4+
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	18.20	CARE BB+; Stable / CARE A4+

**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 - ST-Bank Overdraft	ST	3.50	CARE A4+	-	1)CARE A4+ (07-Mar-24) 2)CARE A4+ (06-Apr-23)	-	-
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	18.20	CARE BB+; Stable / CARE A4+	-	1)CARE A4+ (07-Mar-24) 2)CARE A4+ (06-Apr-23)	-	-
3	Fund-based - LT-Cash Credit	LT	3.30	CARE BB+; Stable	-	1)CARE BB+; Stable / CARE A4+ (07-Mar-24) 2)CARE BB; Stable / CARE A4+ (06-Apr-23)	-	-

LT: Long term; ST: Short 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	Fund-based - ST-Bank Overdraft	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.

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### About us:

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