

## Brajendra Kumar Builders Private Limited

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	140.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; 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

Brajendra Kumar Builders Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. CARE Ratings Ltd.'s rating on Brajendra Kumar Builders Private Limited's bank facilities has been revised and will now be denoted as CARE BB-; 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 continue to be constrained by small but increasing scale of operations post commencement of operations of ethanol plant, leveraged capital structure & debt coverage indicators, profitability susceptible to volatility in input prices, satisfactory order book position, working capital intensive nature of operations and fragmented nature of industry leading to intense competition. However, the aforesaid constraints are partially offset by its experienced promoters, partial off take agreement with three government OMCs and Nayara Energy Limited, eligibility for government incentives and favourable location of Plant.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

#### Key weaknesses

**Small but improving scale of operations post commencement of operations of ethanol plant:** The total operating income (TOI) of the company improved from Rs.27.01 crore in FY24 to Rs. 73.32 crore in FY25 (Prov) and operating margins improved from 9.55% in FY24 to 12.94% in FY25 mainly on account of ramp up in operations of the ethanol plant despite lower billing in construction business which was hampered by delays in handover of land. From the ethanol segment, the company has generated TOI of Rs. 56.4 crore with a PBILDT margin of 18%. The operations are set to ramp up with further improvement in utilization of production facility of the ethanol plant. Higher operating margins of the ethanol division is due to certain operating expenses being borne by the EPC contractor for first 3 months of operations. The operating margins are expected to stabilize at around 10% going ahead as articulated by management.

**Leveraged capital structure & debt coverage indicator:** Overall gearing ratio of the company moderated from 2.91x as on Mar 31, 2024 to 4.40x as on Mar 31, 2025(UA) due to drawdown of term debt and utilization of working capital limits for ethanol plant. Its debt profile largely comprises unsecured loans from promoters, term debt and WC limits. The company has availed Rs.90 crore term loan, sanctioned WC limits of Rs.37 crore and unsecured loans of RS.9.78 crore. Although the debt coverage indicator marked by TDGCA improved from 39.57x in FY24 to 26.85x in FY25, it continues to remain moderate. The same is expected to improve with first full year of operations of ethanol plant in FY26.

The company is in the process of enhancing CC limits for ethanol plant to support increasing scale of operations. The average CC utilization of the company stood at around 80%.

#### Profitability susceptible to volatility in input prices:

**Construction:** The entity procures contracts through direct participation in tender bidding where it faces huge competition which creates high pressure on its profitability margins. The major inputs for the firm are bitumen, stone chips, etc. the prices of which are highly volatile in nature. The operating margin of the firm is exposed to any sudden spurt in the input material prices along with an increase in labour prices being in labour intensive industry. However, the entity tries to mitigate the risk by building the expected risk of increase in prices in its tender amount and through completing all its project within the given timeline to avoid risk of excessive variation in prices.

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

**Ethanol:** With raw material costs accounting for majority of the overall cost and limited control over selling prices of ethanol, BKBPL's profitability is vulnerable to volatility in raw material (key ingredients – maize & broken rice) being agricultural crops, are of seasonal in nature, the availability of the same is affected by factors such as changes in weather conditions, low or high rainfall, production levels, etc. The company has an annual requirement of around 70,000 to 80,000 TPA of maize for which they have storage capacity of 20,000 TPA of its own and rented a godown having 15,000 TPA which is around five-month storage capacity.

**Working capital intensive nature of operations:**

**Construction business:** The operation of the company pertaining to construction segment is working capital intensive in nature due to tender based and long-term nature of contracts. The company needs to furnish earnest money deposits (EMD) of 2% during the bidding process which leads to funds getting blocked even before the project is awarded. Further, a part of the sales proceeds is also withheld in the form of retention money (5 to 8%) which necessitates requirement of working capital. The 50% retention money is released post completion of project and remaining 50% retention money is released post defect liability period of 1-3 years from the date of completion of contract. The company's retention amount stood at Rs. 3.43 crore as on March 31, 2025, out of which the company is expecting to release around Rs. 3 crores within the next 2 quarters.

**Ethanol business:** The operation of the company pertaining to ethanol business is working capital intensive as the company plans to build up inventory of maize of around 5 months during harvesting season (May).

**Fragmented nature of industry leading to intense competition:** The construction industry is characterized by many small and medium-sized players working at a regional levels and orders are generally tender driven. Accordingly, the same is resulting in stiff competition and puts pressure on profitability margin of the company. However, being an old and established player with an established track record of operation, the company is in a better place to deal with the competition

**Key strengths**

**Experienced promoters:** BKB is promoted by Mr Kaushal Kishor Sharma and Ms. Pinki Sharma. Mr. Kaushal Kishor Sharma, aged about 44 years, a renowned businessman is the founder and managing director of BKB. Mr. Sharma has also promoted another company "M/s Patliputra Earthmover Pvt. Ltd". which is a dealer of CASE Construction Equipment India Private Limited for Bihar state. Ms. Pinki Sharma, aged about 44 years, is a founder of Mount Litera Zee School, Barh, Patna. She also has the overall 15 years marketing experience as a director of BKB. Currently, day to day affairs of the company is managed by both Mr. Kaushal Kishor Sharma and Ms Pinki Sharma supported by team of professionals. However, the promoter doesn't have prior experience in running ethanol plant. The existing promoters have brought in Mr. Prashant Chandra Jaiswal who has infused Rs.11 crore for ethanol project in lieu of 7% stake in the company.

**Successful commencement of operations of the ethanol plant:** Although the company commissioned the ethanol plant in August 2024, the ethanol supply allocation happened in Nov 2024 by OMCs (i.e., from beginning of Ethanol Supply Year ESY2024-25). The company received approval from excise department for registration of its unit for supply of ethanol to depots of OMCs in West Bengal in early Jan 2025 and dispatch its first order thereafter. The company bid and received allocation of 3920 KL, 8500 KL and 8500 KL for Q2, Q3 and Q4 of ESY2024-25. The company has already supplied its allocated quantity of ethanol for Q2 of ESY2024-25. This has resulted in ramp up of capacity utilization (CU) from 37% in Jan 2025 to 85% in Mar 2025. Given higher allocation for supply of ethanol in upcoming quarters, CU is expected to remain at elevated levels.

**Partial off take agreement with three government OMCs and Nayara Energy Limited:** The company has entered into a long term off-take agreement with three government oil manufacturing companies (OMCs) namely Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL), for sales of 0.96 crore litres of Ethanol for a period of ten years from the date of agreement in Jan 2022. Longterm off-take agreement quantity constitutes around 29% of proposed installed capacity. Moreover, the company can sell remaining capacity to government OMCs on tender basis. The company bid and received higher allocation for supply of ethanol in upcoming quarters of ESY2024-25. The selling price for ethanol produced from maize is subject to revision at regular intervals by the government considering the increase in cost of production.

**Eligible for government incentives:** The project is eligible for various government incentives including interest subvention of lower of Rs.20 crore or 50% of project cost, receivable in five years and capital subsidy of Rs.5 crore which the company will receive after completion of project. Further, incentives are also available in the form of various reimbursements for SGST, electricity duty, stamp duty, land conversion fees, etc. The company has received interest subvention from the Central Government in December 2024. An amount of ₹1.20 crore was claimed for Q3 FY25, and another ₹1.20 crore was claimed for Q4 FY25. The capital subsidy, which has been applied for after the Date of Commencement of Commercial Operations (DCCO), is yet to be received. In addition to the Central Government benefits, the State Government provides an interest subvention of 50% of the interest amount, subject to a maximum cap of ₹20 crore, applicable post-commencement of operations.

**Favourable location of Plant:** The plant is located in Patna district of Bihar. The company procures raw materials (maize) from the local mandi through several available suppliers. Further, the plant is close to a water canal, enabling steady supply of water for the plant. Also, the location of the plant is well connected through road/rail network and with available manpower around the location.

**Satisfactory order book position:** As of March 31, 2025, the company has a satisfactory outstanding order book of Rs. 153.45 crore, providing revenue visibility moving forward.

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

**Applicable criteria**

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

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

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**About the company and industry**

**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

M/s Brajendra Kumar Builders Private Limited was incorporated in August 2005. The company is currently engaged in construction of roads and bridges in and around Patna, Bihar and has also set up an ethanol production plant with a total production capacity of 100KLPD at a project cost of Rs.129.15 crore funded through term loan of Rs.90 crore and rest through equity/cash accruals. The directors/promoters of the company, namely Mr. Kaushal Kishor Sharma and Ms. Pinki Sharma, have extensive experience in the construction and infrastructure industry.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	27.01	73.32
PBILDT	2.58	9.49
PAT	1.46	1.56
Overall gearing (times)	2.91	4.40
Interest coverage (times)	6.11	1.38

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		-	-	-	43.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	June 2034	90.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	7.00	CARE BB-; 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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	90.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (14-Jun-24)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING * (21-Mar-23) 2)CARE BB-; Stable (15-Apr-22)
2	Fund-based - LT-Cash Credit	LT	43.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (14-Jun-24)	-	1)CARE B+; Stable; ISSUER NOT COOPERATING * (21-Mar-23) 2)CARE BB-; Stable (15-Apr-22)
3	Non-fund-based - LT-Bank Guarantee	LT	7.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (14-Jun-24)	-	-

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

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 - LT-Term Loan	Simple
3	Non-fund-based - LT-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](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Arindam Saha Director <b>CARE Ratings Limited</b> Phone: +91-033-4018-1631 E-mail: <a href="mailto:arindam.saha@careedge.in">arindam.saha@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Punit Singhania Associate Director <b>CARE Ratings Limited</b> Phone: +91-033-4018-1620 E-mail: <a href="mailto:punit.singhania@careedge.in">punit.singhania@careedge.in</a>
	Souptik Pal Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Souptik.pal@careedge.in">Souptik.pal@careedge.in</a>

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