

## Bishwa Raman Kumar Singh

January 27, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	5.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Revised from CARE BB-; Stable (Double B Minus; Outlook: Stable) and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	10.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>15.00 (Rs. Fifteen Crore Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Bishwa Raman Kumar Singh (BRKS) to monitor the rating(s) vide e-mail communications/ letters dated July 07 2021, January 19 2022 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 has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, Bishwa Raman Kumar Singh has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on Bishwa Raman Kumar Singh's bank facilities will now be denoted as **CARE B+; Stable; Issuer Not Cooperating/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 lack of information and uncertainty around the credit risk profile of the firm.

**Rating Sensitivities:** Not Applicable

### Detailed description of the key rating drivers

At the time of last rating on December 30 2020, the following were the rating strengths and weaknesses:

#### Key Rating Weaknesses

##### Small scale of operation with low profitability margin

BRKS has a relatively small scale of operation over the last three financial years. Moreover, the total operating income of the firm witnessed gradual increase over the last three financial years FY18 to FY20 (Provisional) mainly on account of increase in work order executed. However, the same remained small at Rs.22.30 crore in FY20 (Provisional). The relatively small size restricts the financial flexibility of the firm in terms of stress and deprives it from benefits of economies of scale. Due to its relatively small scale of operations, the absolute profit levels of the firm also remained low. PBILDT level and PAT levels have also remained small at Rs.2.43 crore and Rs. 1.16 crore, respectively in FY20 (Provisional). The tangible net worth of the firm was at Rs.9.16 crore as on March 31, 2020 (Provisional). The capital employed of the firm remained low at Rs.15.78 crore as on March 31, 2020(Provisional). However, the profitability margins remained low marked by PBILDT and PAT margins of 10.90% and 5.21% respectively, in FY20 (Provisional). Furthermore; the firm has booked revenue of Rs.9.68 crore during April 2020 to Nov 2020. The firm expects to achieve Rs.23 crore of turnovers during FY21.

There was restriction on the construction activities since the lockdown was imposed on March 25, 2020 so the firm has not been able to operate. However, the firm has resumed some construction works from June 03, 2020. The construction industry, being labour intensive in nature, the firm has resumed operations with limited manpower due to low labour availability owing to COVID issue.

##### Constitution as a proprietorship firm

BRKS, being a proprietorship firm, is exposed to inherent risk of the proprietor's capital being withdrawn at time of personal contingency and firm being dissolved upon the death/insolvency of the proprietor. Furthermore, proprietorship entities have restricted access to external borrowing as credit worthiness of partner would be the key factors affecting credit decision for the lenders.

##### Risk associated with participating in tenders and intense competition in the industry

The firm has to bid for the contracts based on tenders opened by the various governments and public sector units. Upon successful technical evaluation of various bidders, the lowest bid is awarded the contract. The firm receives projects which

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

\*Issuer did not cooperate; Based on best available information

majorly are of a short to medium tenure (i.e. to be completed within maximum period of one to two years). Furthermore, orders are generally tender driven floated by government units indicating a risk of non-receipt of contract in a competitive industry. The outlook of construction sector appears challenging in view of slow execution of the existing order book in view of hindrances related to land acquisition, obtaining requisite clearances, labour shortage and liquidity issues with the clients, etc. Additionally, the sector is plagued with elongated working capital cycle leading to increase in debt level of construction entity.

#### **Working capital intensive nature of operation**

The operations of the firm remained the working capital intensive as the firm executes orders mainly for public sector units and government departments. Due to its working capital intensive nature of operations, the operating cycle remained high at 163 days during FY20 (Provisional) due to high amount of security deposits and delay in payment from the Govt. Moreover, the average utilization of working capital was around 98% during the last 12 months ended on Nov.2020.

#### **Susceptibility of operating margin due to volatility in input material prices and labour charges**

The basic input materials for execution of construction projects and works contracts are structure steel, stone chips, bitumen, cement etc. The prices of which are highly volatile. Furthermore, 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 industries.

#### **Key Rating Strengths**

##### **Experienced management with satisfactory track record of operations**

Bishwa Raman Kumar Singh (BRKS) was incorporated in May 2006, at Begusarai in Bihar. BRKS is a relatively small sized Bihar based firm engaged in civil construction works on behalf of various public and government entities. Bishwa Raman Kumar Singh has more than two decades of experience in civil construction industry. They look after the day to day operations of the entity along with other technical and non-technical professionals who are having long experience in this industry.

##### **Comfortable leverage ratio and debt coverage indicators**

The capital structure of the firm remained comfortable marked by long term debt-equity ratio of 0.20x and overall gearing ratio of 0.72x, as on March 31, 2020 (Prov.). Furthermore, the overall gearing ratio was improved marginally as on March 31, 2020. The debt coverage indicators remained satisfactory marked by total debt to GCA of 4.13x in FY20. Furthermore, the interest coverage ratio, although deteriorated in FY20 on account of rise in interest cost, was satisfactory at 2.94x in FY20 (Provisional).

##### **Moderate order book position representing revenue visibility**

The firm has moderate order book position of Rs.32.64 crore (which is 1.46x of FY20 Turnover) as on Dec.09, 2020, which is expected to be complemented by May 2021.

##### **Reputed clientele resulting in minimal default risk with customers**

BRKS caters to institutional demand and has a diverse pool of customers. Customers are from Patna, Bihar. The firm has established long standing relationship with its top customers and gets repeat orders from companies such as IOCL, NTPC Ltd. BSPGCL & R.W.D among others.

**Liquidity:** Not Applicable

**Analytical approach:** Standalone

#### **Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating Methodology – Construction Sector](#)

#### **About the Company**

Bishwa Raman Kumar Singh (BRKS) was established in May 2006, at Begusarai in Bihar. BRKS is a relatively small sized Bihar based firm engaged in civil construction activities which include Piling, Civil, Structural & U/G piping Repair and maintenance of roads inside and offsite area, construction of raw water Storage Reservoir Work and building for government bodies located in Begusarai, Bihar like Barauni Refinery of Indian Oil Corporation Limited (IOCL), Patel Engineering Limited etc. Bishwa Raman Kumar Singh has more than a decade of experience in civil construction industry. He looks after the day to day operations of the entity.

<b>Brief Financials (Rs. crore)</b>	<b>31-03-2019 (A)</b>	<b>31-03-2020 (P)</b>	<b>FY21-9MFY22</b>
Total operating income	21.97	22.30	NA
PBILD	2.42	2.43	NA
PAT	1.38	1.16	NA
Overall gearing (times)	0.81	0.72	NA
Interest coverage (times)	3.83	2.94	NA

A: Audited; P: Provisional; NA: Not Available

**Status of non-cooperation with previous CRA:** CRISIL Ratings moved the rating of Bishwa Raman Kumar Singh under Issuer Not Cooperating vide Press release dated November 28, 2020.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

#### Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	10.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

#### Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (30-Dec-20)	-	-
2	Non-fund-based - ST-Bank Guarantee	ST	10.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (30-Dec-20)	-	-

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

#### Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

#### Annexure 5: Bank Lender Details for this Company

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About CARE Ratings Limited:

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