

Bansal Infraprojects Private Limited

July 27, 2022

Ratings

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	20.00	CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BBB-; Stable; (Triple B Minus; Outlook: Stable)
Short Term Bank Facilities	29.00	CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE A3; (A Three)
Total Bank Facilities	49.00 (₹ Forty-Nine Crore Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated February 07, 2022, placed the rating(s) of Bansal Infraprojects Private Limited (BIPL) under the 'issuer non-cooperating' category as BIPL had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. BIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated July 18, 2022, July 20, 2022 and July 22, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd. 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.

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 lack of adequate information thereby leading to uncertainty around its credit risk.

Detailed description of the key rating drivers

At the time of last rating on February 07, 2022 the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Small though improving scale of operations: The total operating income has witnessed year on year growth during last five years on account of healthy orders in hand and execution of the same. The total operating income grew by 25.91% to Rs.105.09 crore in FY21 as against Rs.83.44 crore in FY20 on account of healthy orders in hand and timely execution of the same. The operating profit level has also increased y-o-y during last five years and the same has increased to Rs.11.64 crore in FY21 as against Rs.10.04 crore in FY20. In 8MFY22, it has booked a turnover of Rs.105.91 crore. The networth also increased to Rs.28.67 crore as on March 31, 2021 as against Rs.22.94 crore as on March 31, 2020.

Geographically concentrated revenue stream: The company derives majority of revenue from government projects limited to Odisha thereby reflecting higher geographic concentration with fortunes closely linked to the incremental development of roads and water storage projects in the state. Moreover, large part of outstanding order book of the company is also geographically limited to states of Odisha only.

Intense competition in the industry: The company belongs to intensely competitive construction industry wherein the allotment of works is the direct function of project execution capability in terms of bidder's experience along with their financial capability and quoted bid price. The highly competitive intensity on account of the presence of large number of contractors results into aggressive bidding which exerts pressure on the margins. Furthermore, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players.

Key Rating Strengths

Experienced promoters and demonstrated execution capability in execution of small to midsize construction projects: BIPL is currently managed by two directors namely Mr Jagdeep Bansal (Managing Director) and Mrs. Reenu Bansal (wife of Mr Jagdeep Bansal). Mr Jagdeep Bansal is having over two decades of experience in executing civil construction projects. He is being duly supported by other director who is also having around a decade of experience in the same line of business. They are further supported by a team of experienced personnel. Over the years, BIPL has executed various construction project in the state of Odisha and Chhattisgarh which mainly includes construction of roads, bridges, canals and railway contract works etc. BIPL is registered as a class 'A' contractor with Public Works Department (PWD) of Odisha and Chhattisgarh. BIPL has long-standing association with government bodies or public sector undertakings such as Public Works Department (PWD) Odisha, Public Works Department (PWD) Chhattisgarh, Indian Railways, Steel Authority of India Ltd., Bhilai Steel Plant etc.

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

Moderate profit margins and improvement in capital structure and debt coverage indicators: The overall gearing ratio has improved to 0.58x as on March 31, 2021 as against 0.80x as on March 31, 2020. The improvement was led by schedule repayment of term loans, relatively lower utilization of fund-based limits and accumulation of surplus into reserves. The TOL/TNW also improved to 0.89x as on March 31, 2021 from 1.34x as on March 31, 2020. The interest coverage ratio has also improved to 5.82x in FY21 from 5.12x in FY20 on account of higher increase in PBILDT level vis - a-vis increase in interest expenses. TD/GCA has improved to 2.16x in FY21 vis-à-vis 2.78x in FY20. However, the operating margin has moderated to 11.07% in FY21 vis-à-vis 12.03% in FY20 on the back of higher increase in input material costs. Moreover, PAT margin improved to 5.46% in FY21 from 5.19% in FY20 on account of higher increase in PBILDT vis-à-vis increase in capital charges. The ROCE stood satisfactory at 20.57% in FY21 as against 18.80% in FY20.

Satisfactory clientele and moderate order book position: The clients of BIPL include Public Works Department Odisha, Indian Railways, Steel Authority of India Ltd (rated CARE AA-; Stable/CARE A1+), National Highways Authority of India (CARE AAA; Stable), Vedanta Limited, etc. indicating strong clientele and thereby relatively low risk of default. The current order book position remained moderate as on November 30, 2021, with the value of orders in hand (including on-going projects) at Rs.124.44 crore (Rs.252.94 crore as on January 31, 2021), being 1.18x of TOI of FY21. Furthermore, as per the discussion with the management it has recently awarded contract worth Rs.75.54 crore from Jindal Steel & Power Limited; However, formal agreement is under process currently. This apart, it is being shortlisted in orders worth Rs.162.29 crore as on November 30, 2021.

Thrust of the government on infrastructure development: The company is expected to benefit from Union Government and State Government's thrust towards infrastructure development activities including roads, bridges, and smart cities, which is likely to auger well for the order inflow in construction sector. However, challenges beleaguering the segment such as delays in clearances and land acquisition, shifting of utilities and lowest price-base tendering remain crucial to be addressed for smooth order execution.

Analytical approach: Standalone

Applicable Criteria

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

[Policy on default recognition](#)

[Financial Ratios – Non-financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Construction](#)

About the company

Incorporated in January 2010, Bansal Infraprojects Private Limited (BIPL) was promoted by Mr. Jagdeep Bansal and Mrs. Reenu Bansal based out of Raipur, Chhattisgarh. Since its inception, the company has been primarily engaged in civil construction activities in the segments like construction of buildings, roads, bridges and railway contract work mainly in the state of Odisha and Chhattisgarh. The company also has two stone crushing units at Ambadula, Odisha. BIPL derives its major revenue from civil construction activities (i.e. 99.19% of total revenue in FY21 and 95.29% of total revenue in FY20) and rest from stone crushing units.

Brief Financials (Rs. crore)	FY21 (A)	FY22 (A)	Q1FY23 (UA)
Total operating income	105.09	NA	NA
PBILDT	11.64	NA	NA
PAT	5.73	NA	NA
Overall gearing (times)	0.58	NA	NA
Interest coverage (times)	5.82	NA	NA

A: Audited, UA: Unaudited, NA: Not Available

Status of non-cooperation with previous CRA: Not applicable

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 (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	20.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	29.00	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 (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	20.00	CARE BB+; Stable; ISSUER NOT COOPERATING *	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING * (07-Feb-22) 2)CARE BBB-; Stable (07-Jan-22)	1)CARE BBB-; Negative (04-Mar-21) 2)CARE BBB-; Negative (17-Aug-20)	1)CARE BBB-; Stable (02-Mar-20)
2	Non-fund-based - ST-Bank Guarantee	ST	29.00	CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE A3; ISSUER NOT COOPERATING * (07-Feb-22) 2)CARE A3 (07-Jan-22)	1)CARE A3 (04-Mar-21) 2)CARE A3 (17-Aug-20)	1)CARE A3 (02-Mar-20)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (04-Mar-21) 2)CARE BBB-; Negative (17-Aug-20)	1)CARE BBB-; Stable (02-Mar-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.

Contact us

Media Contact

Name: Mradul Mishra
Contact no.: +91-22-6754 3573
Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Gopal Pansari
Contact no.: 033-4018-1647
Email ID: gopal.pansari@careedge.in

Relationship Contact

Name: Lalit Sikaria
Contact no.: + 91-033- 40181600
Email ID: lalit.sikaria@careedge.in

About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.