

## BNH Infra Projects (India) Private Limited

October 28, 2022

### Rating

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	36.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>36.00</b> <b>(₹ Thirty-Six Crore Only)</b>		

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

CARE has placed the ratings of BNH Infra Projects (India) Private Limited (BNH) under the 'issuer non-cooperating' category as BNH had failed to provide the 'no default statement' for three consecutive months. BNH continues to be non-cooperative despite repeated requests for submission of information to monitor the ratings through phone calls, and emails dated August 1, 2022, August 22, 2022, October 11, 2022, October 21, 2022.

***Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.***

### Detailed description of the key rating drivers

At the time of last rating on March 22, 2022, following were the rating strengths and weaknesses (updated for FY22 financials as available from ROC)

#### **Key Rating Weaknesses**

##### **Leverage capital structure and weak debt coverage indicators**

As on March 31, 2022, capital structure has remained leveraged marked by overall gearing ratio of 4.00x as on March 31, 2022 (March 31, 2021: 4.07x). Further, due to higher debt level, Debt coverage indicators continued to remain weak marked by TDGCA of 7.20x however it improved from the level of 15.91x on March 31, 2021. Furthermore, interest coverage ratio improved at 2.77x during FY22 from 1.72x in FY21.

##### **Working capital intensive nature of operations**

The operations remained working capital intensive marked by elongated operating cycle. The working capital cycle was improved although remained elongated and stood at 229 days in FY22 as against 375 days in FY21. This was primarily due to due to improvement in average inventory period to 110 days and collection period to 165 days in FY22.

##### **Profitability margins are susceptible to change in raw material prices**

The prices of raw materials i.e. sand, cements, bricks and steel etc. have remained fluctuating in past and are also dependent upon the availability of these raw materials. Further, the average cost of unskilled labour has been on increasing trend in the recent past. Moreover, the projects in hand of BNH does not contain any price escalation clauses related to the prices of raw material. Hence, BNH remains exposed to raw material and labour price fluctuation risk and any adverse movement in the key raw material or unskilled labour cost may have direct bearing on the net margins of BNH.

<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

**Tender based nature of operations**

The company bids in tender orders for civil & construction projects and all these are tender-based and the revenues are dependent on the company's ability to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry. However, the promoter's satisfactory industry experience of more than a decade mitigates this risk to some extent. Nevertheless, there are numerous fragmented & organized players operating in the segment which makes the civil construction space highly competitive.

**Key rating strengths****Experienced promoters**

The promoters, Mr. Gaurav Sharma and Ms. Shilpa Basavaraj have been in the business of undertaking contracts and services for over a decade. Mr. Gaurav Sharma is engaged in the business of mining and quarrying of coal and minerals while Ms. Shilpa Basavaraj was engaged in the business of trading of B2B products.

**Medium term revenue visibility from order book position and high customer concentration risk**

The order book position of the company has improved and remained at Rs. 402.16 crore as on February 10, 2022 which is 20.15 times of TOI of FY21 and expected to be completed by May 2025 which gives moderate revenue visibility.

**Improvement in scale of operations albeit moderate decline in profitability margins**

During FY22, the scale of operations witnessed robust increase at Rs 57.71 crores in FY22 from Rs 19.86 crores at FY21. BNH has derived 65% of its revenue from subcontracting during FY21. Profitability margins moderately declined to 20.19% in FY22 from 22.77% in FY21.

**Stable outlook for infrastructure industry**

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development.

**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](#)

[Construction](#)

**About the company**

Bangalore, Karnataka, based BNH Infra Projects (India) Private Limited, was incorporated in 2007 as 'NBH Properties (India) Private Limited', later the name was changed to BNH Infra Properties (India) Private Limited in October 2017. The company is engaged in construction of bridges, roads and highways.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	September 30, 2022 (UA)
Total operating income	19.86	57.71	NA
PBILD	4.52	11.65	NA
PAT	1.76	3.07	NA
Overall gearing (times)	4.07	4.00	NA
Interest coverage (times)	1.72	2.77	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 the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	-	22.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	28-02-2026	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*

#### Annexure-2: Rating history for the 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-Bank Overdraft	LT	22.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (22-Mar-22)	1)CARE B+; Stable (15-Feb-21) 2)CARE B+; Stable (11-Jun-20)	-
2	Fund-based - LT-Term Loan	LT	14.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (22-Mar-22)	1)CARE B+; Stable (15-Feb-21)	-

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/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-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	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 instruments:** CARE Ratings 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 us:

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