



Press Release

Bhardwaj Unibuild Private Limited

November 08, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	148.75	IVR BBB- /Positive (IVR Triple B Minus with Positive Outlook)	-	Assigned	Simple
Short Term Bank Facilities	20.75	IVR A3 (IVR A Three)	-	Assigned	Simple
Long Term/ Short Term Bank Facilities	10.50	IVR BBB- /Positive/A3 (IVR Triple B Minus with Positive Outlook/ IVR A Three)	-	Assigned	Simple
Total	180.00	Rupees One Hundred Eighty Crore Only			

Details of Facilities/Instruments are in Annexure 1.

Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating for long term facilities as IVR BBB- with Positive outlook and short-term rating as IVR A3 for the bank facilities of Bhardwaj Unibuild Private Limited (BUPL).

The rating draws comfort from the established track record of the promoters in executing civil construction business, healthy order book position, continuous growth in operating income and comfortable financial risk profile. However, these strengths are partially offset by exposure to risks of volatility in material prices, tender driven nature of business with presence in competitive industry and high geographical concentration risk.

The Positive outlook is on account of healthy order book of the company. IVR believes that the BUPL's business & financials risk profile will be improved over the medium term on the



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back of its ability to improve its scale of operations in view of healthy order book position while maintaining its margins and capital structure.

IVR has principally relied on the audited financial results of BUPL up to 31 March 2024 and projected financials for FY25, FY26 and FY27, along with publicly available information/clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 280 crore and achieving EBITDA margin above 15%.
- Sustenance of the capital structure with improvement in debt protection metrics.

Downward Factors

- Significant reduction in the scale of operations and profitability margins.
- Substantial increase in its working capital requirements or large debt funded capex thus weakening its liquidity & financial profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of promoters in executing civil construction business

The promoters of BUPL have extensive experience of more than two decades in the field of civil construction. The company's long tenure existence in the civil construction space has helped it to establish strong relationships with various government bodies for repeated business. Additionally, the promoters are assisted by qualified professionals having the requisite technical knowledge and skills thereby providing synergistic advantage to the company in terms of successful project completion.

Healthy order book position

The company's unexecuted order book, which is spread across Uttar Pradesh, stood at Rs. 1,460.91 crore as on 30th September 2024 which includes addition of new projects aggregating ~Rs. 1,112 crore rewarded in FY2024. The order amount is around 7.36 times of



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total operating income of FY24 which is executable over a period of 12-36 months, thereby providing healthy near to medium term revenue visibility.

Continuous growth in operating income and comfortable financial risk profile

The company witnessed a growth of ~9.5% in total operating income in FY2024 to Rs. 198.46 crore, with EBITDA and PAT margin at ~12.00% and ~7.00%, respectively. Its financial risk profile remains comfortable with overall gearing at 1.29x and TOL/TNW at 2.21x as on March 31, 2024. The debt coverage indicators also remained comfortable with interest coverage of 3.46 times and DSCR at 1.45 times in FY2024.

Key Rating Weaknesses

Exposed to risks of volatility in material prices

The company remains exposed to risks of volatility in material prices, which could result in a delay in execution of work orders and adversely impact its top-line and profitability. However, the presence of price escalation clauses in some orders mitigates this to some extent.

Tender driven nature of business with presence in competitive industry

The company receives its work orders from government departments. All these are tender based, and the revenues are dependent on the ability to bid successfully for these tenders. Intense competition in the civil construction segment requires players to bid aggressively to get contracts. Any delay in floating tenders, finalization of contractors, or unsuccessful bidding could constrain business risk profile.

High geographical concentration risk

The company's revenue profile is highly concentrated in Uttar Pradesh, accounting for 100% of the total revenues during the past three years. All the new orders received also cover Uttar Pradesh. Due to the entire order book being limited to one state, the geographical concentration risk is expected to remain high in the medium term.

Analytical Approach: Standalone



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Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Criteria on assigning rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity: Adequate

The liquidity profile of the company is expected to remain adequate marked by its satisfactory cash accrual of Rs. 15.79 crore as against a debt repayment obligation of ~Rs. 8.76 crore in FY24. Further, the company is expected to earn GCA of Rs. 23.92- Rs. 28.43 crore in FY25-27 as against debt repayment obligation of Rs.14.75 crore- Rs. 7.56 crore for the same period. The average working capital utilisation of the company remained high at ~86% during the past 12 months ended August 2024. Current ratio stood at 1.00x as of March 2024.

About the Company

Bhardwaj Unibuild Private Limited was initially established in 2011, as a partnership under the name of M/s Bhardwaj Constructions, founded by Late Shri Balram Singh with his son Mr. Ramendra Pratap Singh, in Lucknow. It was reconstituted as a private limited company in 2018. The company is engaged in civil and road construction. It is registered as a class A contractor for various departments including Public Work Departments (PWD), UP Irrigation Department, RED, MORTH among others. The company has successfully completed various road and irrigation projects in the state of Uttar Pradesh. The operations of the company are currently headed by Mr. Ramendra Pratap Singh and Mr. Rajesh Rastogi.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	181.20	198.46
EBITDA	28.60	23.99
PAT	17.17	13.48
Total Debt	49.12	75.06



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Tangible Net Worth	47.50	58.29
EBITDA Margin (%)	15.78	12.09
PAT Margin (%)	9.41	6.70
Overall Gearing Ratio (x)	1.03	1.29
Interest Coverage (x)	8.17	3.46

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Non-Fund Based	Long Term	148.75	IVR BBB-/Positive	-	-	-
2.	Fund Based	Short Term	20.75	IVR A3	-	-	-
3.	Fund Based/ Non-Fund Based	Long Term/Short Term	10.50	IVR BBB-/Positive/A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Bank Guarantee	-	-	-	-	148.75	IVR BBB-/Positive
Overdraft	-	-	-	-	20.75	IVR A3
Proposed Overdraft/ Bank Guarantee	-	-	-	-	10.50	IVR BBB- /Positive/A3

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BUPL-nov24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable



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Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.