



Press Release

Begorra Infrastructure and Developers Private Limited (BIDPL)

November 1, 2023

Ratings

Instrument/ Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	56.23	IVR BBB-/ Negative (IVR Triple B Minus with Negative outlook)	Rating reaffirmed and outlook revised	Simple
Short Term Bank Facilities	42.50	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	98.73	(Rupees Ninety-Eight crore and Seventy-Three lakh only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The revision of outlook to Negative from Stable reflects decline in revenue along with profitability as per FY23 (Prov.). However, IVR expects BIDPL's margins as well as revenue to improve during FY24 with steady order execution. BIDPL has moderate order book however most of the order book has been concentrated of NHAI and project is yet to start.

Further, reaffirmation of the ratings assigned to the bank facilities of BIDPL continue to derive strength from its experienced promoters and long track record in EPC, healthy orderbook position coupled with reputed clientele and comfortable debt protection metrics.

The ratings strengths are, however, constrained by moderate financial risk profile, working capital intensive nature of operations and high receivable days, highly fragmented and competitive nature of the construction sector with significant price war coupled with tender based nature of business.

Key Rating Sensitivities:

Upward Factors

- Improvement in order book and timely execution of the same
- Substantial & sustained improvement in revenue and/or profitability leading to improvement in debt protection metrics.



Press Release

Downward Factors

- Inability to improve order book and/or any further decline in revenue and/or profitability leading to deterioration in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters and long track record in EPC

BIDPL has established operational track record of more than a decade in EPC construction of roads, bridges, buildings & other related civil infrastructure primarily in the state of Kerala. The overall operations of the company are currently looked after by the directors - Mr. Abraham Thomas, Mr. Santhosh Sebastian, Mr. Alwin John, Swapna Abraham and Sandeep Sebastian collectively having an experience of more than two decades. The extensive experience of the promoters and successful track record of operation has helped the company in acquiring various government customers. The directors are well supported by a team of experienced and qualified professionals.

Moderate orderbook position coupled with reputed clientele

The company has a good track record of successfully executing various roads and highway projects and has a good order book based on its past execution capabilities and timely deliveries. Over the past years, the company has successfully completed many projects in the state of Kerala. The company has reputed clientele of government bodies like Kerala Road Fund Board and Kerala Public Works Department. The company has completed many major as well as minor projects and has orders in hand of around Rs. 681.70 crore and an unexecuted order book of around Rs. 346.40 crore (3.76x times of FY23 (Prov.) revenue) as at August, 2023 which also includes one new order from NHAI amounting Rs. 264.84 crore and two new orders from Kerala PWD amounting Rs. 16.26 crore.



Press Release

Comfortable Debt protection metrics

The company's capital structure continued to remain comfortable in FY23(Prov.) with overall gearing and TOL/ Adjusted TNW ratios at 1.20x and 1.72x as against 1.33x and 1.89x respectively as on March 31, 2022. Further the company's interest coverage ratio and Total debt/ GCA ratio has decreased from 2.83x and 6.51x respectively in FY22 to 1.68x and 11.17x respectively in FY23(Prov.). DSCR remains comfortable and expected to remain comfortable through FY24-FY26 due to absence of significant repayments,

Further BIDPL has prepaid GECL loan from Canara Bank amounting Rs. 6.90 crore and Federal Bank term loan amounting Rs. 3.50 crore from the amount recovered from its debtors which will improve its debt protection metrics from FY24 and will continue further till FY26 as no additional loans are expected to be availed by the company.

Key Rating Weaknesses

Moderate Financial Risk profile

BIDPL's revenue has declined by 11% to Rs. 92.06 crore in FY23(Prov.) as compared to FY22 due to slow execution of orders. EBITDA margins has been impacted during FY23 due to Kerala Governments order on price escalation clause which stated that projects which are completed after March 31, 2020 but before March 31, 2023 are not eligible for the price escalations, the order came in August 23 (order attached in annexure 1). As BIDPL has completed its order from Kerala Government during FY21-FY23; therefore, BIDPL was not able to receive price escalation from Kerala Government. BIDPL is in the process of filing a litigation in the high court against the governments order by end of this month.

Due to this, EBITDA margin as well as PAT margin have declined to 15.86% and 3.37% in FY23(Prov.) respectively as compared to 22.66% and 7.02% in FY22. As per 5MFY24 EBITDA margins have improved to 20% with execution of high margins orders. IVR expects BIDPL will be able to achieve EBITDA margins of 21% by end of FY24 with steady execution of orders.

Working capital intensive nature of operations and high receivable days

The operation of the company is working capital intensive. The company raises bills after the completion of work contract. The company's client base is majorly government entities, where in the payments is elongated owing to procedural delays. The average collection period stood



Press Release

at 367 days for FY23(Prov.). The company makes payment to the creditors as and when the payments are realized. The average inventory days have been 128 days in FY23(Prov.) whereas the average creditors days for FY23(Prov.) stood at 99 days.

Highly fragmented and competitive nature of the construction sector with significant price war coupled with tender based nature of business

The domestic infrastructure/construction sector is highly crowded with presence of many players with varied statures & capabilities. The boom in the infrastructure sector, a few years back resulted in an increase in the number of players. While the competition is perceived to be healthy, significant price cut by few players during the bidding process is a matter of serious concern for the users with respect to quality of output. Further, given the largely tender based procurement mechanism also increases the competition to an extent especially amongst the entities which have a limited geographic distribution of projects.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to match with debt repayment obligations. The average fund based and non-fund based working capital utilisation for 12 months ending September, 2023 has been 82.51% and 67.55% respectively. The current ratio and quick ratio stood at 1.52x and 1.10x respectively, as on March 31, 2023. Further, BIDPL has no capex plans till FY26.



Press Release

About the Company

Begorra Infrastructure and Developers Private Limited (BIDPL) is a Class-1A contractor incorporated in May 2010 and located at Ranni in Pathanamthitta district, Kerala. The overall operations of the company are currently looked after by the directors - Mr. Abraham Thomas, Mr. Santhosh Sebastian and Mr. Alwin John. The company is engaged in the EPC construction of roads, bridges, buildings & other related civil infrastructure primarily in the state of Kerala.

Financials (Standalone):

For the year ended / As on	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	102.89	92.06
EBITDA	23.32	14.60
PAT	7.32	3.20
Total Debt	76.50	74.77
Tangible Net-Worth	57.73	62.34
Ratios		
EBITDA Margin (%)	22.66	15.86
PAT Margin (%)	7.02	3.37
Overall Gearing Ratio (x)	1.33	1.20

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (September 2, 22)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	2.03	IVR BBB-/ Negative	IVR BBB-/ Stable	--	--
2.	Cash Credit	Long Term	54.20	IVR BBB-/ Negative	IVR BBB-/ Stable	--	--
3.	Bills Discounting	Short Term	10.00	IVR A3	IVR A3	--	--
4.	Bank Guarantee	Short Term	32.50	IVR A3	IVR A3		



Press Release

Name and Contact Details of the Analytical Team:

Name: Amey Joshi

Tel: (022) 62396023

Email: amey.joshi@infomerics.com

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 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.

For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	--	--	December, 2025	2.03	IVR BBB-/ Negative
Cash Credit	--	--	--	54.20	IVR BBB-/ Negative
Bills Discounting	--	--	--	10.00	IVR A3
Bank Guarantee	--	--	--	32.50	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BIDPL-nov23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.