



Press Release

Begorra Infrastructure and Developers Private Limited

September 02, 2022

Ratings:

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/Complex/ Highly complex)
Long Term Bank Facilities	69.40	IVR BBB- / Stable (IVR Triple B Minus with Stable outlook)	Assigned	Simple
Short Term Bank Facilities	37.50	IVR A3 (IVR A Three)	Assigned	Simple
Total	106.90			

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid rating assignment to the bank facilities of the company derives comfort from Experienced promoters and long track record in EPC, Healthy order book position coupled with reputed clientele and Moderate financial risk profile. The rating is however constrained by Working capital intensive nature of operations and high receivable days, highly fragmented & competitive nature of the construction sector with significant price war coupled with tender-based nature of business and Customer and Geographical concentration in revenue profile.

Key Rating Sensitivities:

Upward Factors

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

Downward Factors

- Decline in profitability and elongation in operating cycle
- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics.



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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.

Healthy order book 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. 558 Cr. and an unexecuted order book of around Rs. 187 Cr as at June-2022.

Moderate financial risk profile

The company registered total operating income of Rs. 101.36 Cr. in FY22 Prov. in the similar range of previous year which stood at Rs. 101.84 Cr. in FY21 which was mainly due to the lockdown imposed due to Covid-19 scenarios. The EBITDA margin improved from 22.60% in FY21 to 24.63% in FY22 Prov. whereas PAT margin stood at 9.35% in FY22 Prov. The long-term debt to equity has been comfortable at 0.38x as on FY22 Prov. However, the overall gearing ratio of the company has been on higher side at 1.27x as on March 31, 2022, Prov. The TOL/TNW remained 1.78x in FY22 Prov. however improving from 2.23x in FY21. The interest coverage ratio and DSCR of the company has been comfortable over the years and stood at 3.24x and 1.66x respectively in FY22 (Prov.).



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Key Rating Weaknesses:

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 at 346 days for FY22 Prov. The company makes payment to the creditors as and when the payments are realized. The average inventory days have been 88 days in FY22 Prov. whereas the average creditors days for FY22 prov. stood at 119 days.

Highly fragmented & 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.

Customer and Geographical concentration in revenue profile

The company is a Class-1A contractor pre-dominantly operating in the state of Kerela. Further there is customer concentration, where the top customer is Kerala Road Fund Board (KRFB) accounting to approximately 70% of the order book. However, being a government department body, it carries a low default risk.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria of Rating Outlook | Infomerics Ratings](#)



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Liquidity –Adequate

The company has been able to generate a comfortable level of gross cash accruals (GCA) in FY22 Prov. of Rs. 14.02 Cr. The liquidity of the company is expected to remain satisfactory in the near to medium term with nominal term debt repayment. However, the liquidity is dependent on successful completion of projects and speedy realisation of contract proceeds. The average fund based working capital utilisation stood high around ~95% for the past 12 months ended May-2022. The DSCR stood comfortable at 1.66x indicating comfortable liquidity position of the company in meeting its maturing debt obligations.

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):

(Rs. Crore)		
For the year ended/ As on*	31-03-2021 (Audited)	31-03-2022 (Provisional)
Total Income	101.84	101.36
PAT	8.79	9.55
Total Debt	76.52	76.32
Tangible Net Worth	50.26	60.01
PAT margin (%)	8.46	9.35
Overall Gearing Ratio (x)	1.52	1.27

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Brickwork Ratings and Crisil Ltd. continue the ratings of the company in the 'Issuer not cooperating' category vide its press releases dated December 08, 2021 and April 19, 2022 respectively, due to non-submission of the relevant information.



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Any other information: None

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term loans	Long term	15.20	IVR BBB-/ Stable	-	-	-
2.	Cash Credit	Long term	54.20	IVR BBB-/ Stable	-	-	-
3.	Bills discounting	Short term	5.00	IVR A3	-	-	-
4.	Bank guarantees	Short term	32.50	IVR A3	-	-	-

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com



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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 loans	-	-	November 29, 2028	6.90	IVR BBB-/ Stable
Term loans	-	-	December 23, 2025	8.30	IVR BBB-/ Stable
Cash Credit	-	-	Revolving	25.00	IVR BBB-/ Stable
Cash Credit	-	-	Revolving	29.20	IVR BBB-/ Stable
Bills discounting	-	-	Revolving	5.00	IVR A3
Bank guarantee	-	-	Revolving	10.00	IVR A3
Bank guarantee	-	-	Revolving	22.50	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-sep22.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