

BNC Power Projects Limited

April 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4+; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities [^]	-	-	Withdrawn

Details of instruments/facilities in Annexure-1

**Issuer did not cooperate; based on best available information*

^rating assigned to term loan facility has been withdrawn as BNC Power Projects Limited has repaid rated term loan in full and there is no outstanding under the said loan as on date.

Rationale and key rating drivers

CARE has reaffirmed and withdrawn the outstanding ratings of CARE BB+; Stable; ISSUER NOT COOPERATING*/ CARE A4+; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable; ISSUER NOT COOPERATING*/A Four Plus; ISSUER NOT COOPERATING*) assigned to the bank facilities of BNC Power Projects Limited (BPPL) with immediate effect.

The ratings assigned to the bank facilities of BPPL continued to remain constrained owing to the working capital-intensive nature of operations as well as client concentration risk. The ratings, however, favourably factor in the experienced of the promoters and company's long track record in power transmission business, improved scale of operation as well as profitability margins and comfortable capital structure as well as debt coverage indicators.

The rating withdrawal is at the request of BPPL along with 'No Objection Certificate' and 'No Dues Certificate' received from the banks that have extended the facilities rated by CARE.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating on September 05, 2023 the following were the rating strengths and weaknesses (updated based on information provided by BPPL)

Key Weaknesses

Working capital intensive nature of operations

BPPL's order book consists of orders from semi government organizations thereby leading to long receivable periods thus BPPL's working capital cycle is on the higher side in the range of 120 to 163 days over the past 3 years ended FY24. The working capital cycle of BPPL elongated to 163 days during FY24 (Prov.) compared to 156 days for FY23 mainly on account of contraction in creditor days which came down to 42 days for FY24 (Prov.) compared to 76 as for FY23.

Client concentration risk

BNC entirely derives its revenue from the orders in the state of Maharashtra which exposes the company to client concentration risk and closely ties its fortunes to the incremental development of civil and electrical projects in the states.

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

Key Strengths

Experienced promoters and company's long track record in power transmission business

BPPL has a track record of more than 45 years in undertaking projects of erection and commissioning of Extra High Voltage (EHV) substation and lines up to 400 kV on an EPC basis. In addition to the EPC work, the company also provides maintenance services. BNCPL's management is headed by Mr. Girish Chaudhari (Managing Director) who has more than two decades of experience in the fields of electrical engineering such as electrical erection, commissioning and maintenance of EHV systems. Further the promoters have experience in the business through an entity Dashmesh Road Construction Private Limited.

Improved scale of operation and profitability margins

BPPL registered a 28% growth in its scale of operations during FY24 (Prov.) as marked by income from operations worth Rs. 301.30 crore compared to Rs. 235.33 crore during FY23. Consequently, the company's operating profitability margins also improved marked by a PBILDT margin of 15.06% during FY24 (Prov.) compared to 14.73% during FY23. Operating profitability in absolute terms increased to Rs. 45.38 crore during FY24 (Prov.) compared to Rs. 34.67 crore during FY23. Resultantly, The company's profit after tax (PAT) also improved in absolute terms and stood at Rs. 25.91 crore during FY24 (Prov.) compared to Rs. 19.40 crore during FY23 however, it remained stable on the margin front.

Comfortable capital structure and debt coverage indicators

Despite an increase in overall debt BPPL's capital structure continued to remain comfortable owing to a healthy networth base. Thus, overall gearing stood below unity at 0.75x as on March 31, 2024 (Prov.) compared to 0.62x as on March 31, 2023. Further, debt coverage indicators also remained comfortable as the increase in operating profitability offset rise in interest costs. Thus, interest coverage stood comfortable at 4.52x during FY24 (Prov.) compared to 4.03x during FY23. TD/GCA also remained comfortable at 4.51 years as on March 31, 2024 (Prov.) compared to 4.20 years as on March 31, 2023.

Applicable criteria

[CARE's withdrawal policy](#)

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Rating Outlook and Credit Watch](#)

[Rating Methodology – Road Assets-Hybrid Annuity](#)

[Rating Methodology-Power-Transmission](#)

[Financial ratios – Non-Financial Sector](#)

[CARE Ratings criteria for rating of Short-Term Instruments](#)

About the company

BPPL is engaged in erection and commissioning of power transmission lines and substation projects, testing of electrical equipment, live line / hot line and offline maintenance on an Engineering, Procurement and Construction (EPC) basis. BPPL, erstwhile M/s. B.N. Chaudhari Engineers & Contractors, was established in 1967 as a proprietorship concern promoted by Mr. Bhagwat N. Chaudhari. Post conversion from proprietorship concern to public limited company in October 2007, the name was changed to BNC Power Projects Limited. It is a closely held limited company and entire shareholding is with Chaudhari family.

Brief Financials (Rs. crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (Prov.)
Total operating income	205.38	235.33	301.30
PBILDT	29.03	34.67	45.38
PAT	15.12	19.40	25.91
Overall gearing (times)	0.40	0.62	0.75
Interest coverage (times)	4.22	4.03	4.52

A: Audited Prov.: Provisional; Note: 'the above results are latest financial results 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 the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Please refer Annexure-4

Lender details: Annexure 5

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-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	December, 2024	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn
Non-fund-based - ST-BG/LC		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (30-Aug-22)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (18-Jun-21)
2	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE A4+; ISSUER NOT COOPERATING* (30-Aug-22)	1)CARE A4+; ISSUER NOT COOPERATING* (18-Jun-21)
3	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+; ISSUER NOT COOPERATING*	1)CARE A4+; ISSUER NOT COOPERATING*

						NG* (05-Sep-23)	NG* (30-Aug-22)	ING* (18-Jun-21)
4	Non-fund-based - ST-BG/LC	ST	-	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE A4+; ISSUER NOT COOPERATING* (30-Aug-22)	1)CARE A4+; ISSUER NOT COOPERATING* (18-Jun-21)
5	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (05-Sep-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (30-Aug-22)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (18-Jun-21)

**Issuer did not cooperate; Based on best available information*

LT: Long term; ST: Short term

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

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: 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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