



Press Release

Bharat Infrastructure & Engineering Private Limited

September 24,2020

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Facility-Fund Based- Term Loan	200.30	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	Assigned
2	(Proposed) Long Term Facility-Fund Based- Term Loan	65.80	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	Assigned
	Total	266.10		

Details of Facilities are in Annexure I

Detailed Rationale

The aforesaid ratings assigned to the bank facilities of Bharat Infrastructure & Engineering Pvt Ltd derives comfort from extensive management experience of promoters, increasing scale of operations and improvisation in cash flow cover.

However, the rating strengths are constrained by corporate guarantee given to the proposed term loan of Myrayash Hotels Pvt Ltd. (subsidiary of BIEPL to set up Five Star Hotel cum resort in Goa) and volatile nature of the real estate sector subjected to regulations.

The outlook remains stable due to company's established position in the real estate industry over the long term and satisfactory cash flow projections supported by promoter's extensive industry experience.

Key Rating Sensitivities

Upward Rating Factors

- Completion of Projects within stipulated cost
- Scheduled sale of flats and adequate cash flow generation

Downward Rating Factors

- Any delay in time & cost over run
- Slower than expected sales
- Adverse changes in regulatory requirement



Press Release

Key Rating Drivers with detailed description

Key Rating Strengths

Extensive Industry experience of promoters

Mr. Atul Barot has an extensive experience of four decades in real estate and infrastructure. Bharat Infrastructure & Engineering Pvt Ltd (BIEPL) has completed several projects under him. BIEPL which was only into infrastructure at the time of its formation (1977), Mr. Barot has been successful to diversify the business with various real estate projects. Till date, the company has completed around 13 housing societies and another 7 are under execution. Mr. Dhaval Barot after completing his MS in constructions management from United States, joined the family business and has been working in the firm since past 13 years. MHPL stands to benefit from the industry experience of its promoters.

Increasing scale of operation

BIEPL's scale of operations are steadily growing (Except for FY17 when it saw a decline). The company's total revenue grew at a CAGR of 19.23% over the past three years. Its operating income increased from Rs. 226.50 in FY19 to Rs. 242.04 crores in FY2020 (Provisional), a 6.7% increase. The EBITDA margin and PAT margin stood at 5.98% and 5.72% respectively in FY2020 (Provisional).

Improvement in cash flow cover

Cash flow cover is expected to improve in coming years as sales of inventory from projects which are already completed will increase cash inflow to the company

Key Rating Weaknesses

Moderate profile and the corporate guarantee given to SPV

BIEPL has provided a corporate guarantee to the proposed term loan of Myrayash Hotels Pvt Ltd (MHPL). MHPL is a subsidiary of BIEPL and is setting up a Five Star Hotel cum resort project in Goa. The funding of the proposed project will be done by Rs. 180 crore debt and Rs. 130 crore contribution from BIEPL and promoters. The financial profile of BIEPL is not strong enough to cover debt obligations of both the entities in case of any adverse development unfolding in future including delays in approvals or cost overrun. The financial



Press Release

stress on BIEPL would only increase in such scenario as MHPL is not expected to generate any operating cash flow before FY2024.

Nature of real estate industry subject to regulations

The real estate sector is volatile in nature with an inherent liquidity risk associated to it. There may be fluctuations in cash flows due to delayed realization & changes in regulatory requirements. The central law RERA provided the basic framework of consumer protection in real estate transactions: raising disclosure requirements of builders, bridging existing information asymmetry between buyers and builders, and ring-fencing the money paid upfront by buyers.

Analytical Approach: Standalone

Applicable Criteria

Rating Methodology for Real Estate entity

Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity – Adequate

The liquidity position looks adequate with the cash cover above unity for almost all the years in the projected term but it is subjected to company achieving the expected advances against the new sales and timely payments from the outstanding sales made, to avoid any stress in near future

About the Company

Bharat infrastructure & Engineering Pvt. Ltd. (BIEPL) is a company incorporated on 4th September 1998 however in the business of infrastructure and development industry since 1977. Business was originally started by late Shri Ambalal P. Barot. Company is one of the prominent developers of real estate for residential and commercial premises in western suburbs of Mumbai, Thane and Navi Mumbai. BIEPL is an ISO 9001 : 2008 certified company. Operational activities and decision making are done by directors of company namely, Mr. Atul Ambalal Barot and Mr. Dhaval Atul Barot. Since 1994, Group has completed 23 real estate projects. This amounts to approx. 32 lakhs sq ft of constructed area comprising both



Press Release

commercial and residential projects. These projects are located from same location. i.e. Mumbai.

Financials: Standalone

For the year ended/ As On	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Provisional)
Total Operating Income	226.50	242.04
EBITDA	14.91	14.48
PAT	13.91	14.17
Total Debt	274.72	271.02
Tangible Net-worth	124.94	134.67
Ratios		
EBITDA Margin (%)	6.58	5.98
PAT Margin (%)	5.99	5.72
Overall Gearing Ratio (x)	2.20	2.01

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

Acuite Ratings in their press release dated September 14th, 2020 has classified the case under issuer not cooperating status on account of non-submission of relevant information.

Any other information: N.A.

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Long Term Fund Based Facility-Term Loan	Long term	21.70	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
2.	(Proposed) Long Term Fund Based Facility-Term Loan	Long term	3.30	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
3.	Long Term Fund Based Facility-Term Loan	Long term	78.82	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--



Press Release

4.	Long Term Fund Based Facility-Term Loan	Long term	46.70	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
5.	Long Term Fund Based Facility-Term Loan	Long term	25.00	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
6.	(Proposed) Long Term Fund Based Facility-Term Loan	Long term	50.00	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
7.	Long Term Fund Based Facility-Term Loan	Long term	0.58	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
8.	Long Term Fund Based Facility-Term Loan	Long term	27.50	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--
9.	(Proposed) Long Term Fund Based Facility-Term Loan	Long term	12.50	IVR BBB- / Stable Outlook (IVR Triple B Minus with stable outlook)	--	--	--

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.

Name and Contact Details of the Rating Team:

Name: Abhijit Nadkarni

Name: Prakash Kabra

Tel: (022) 62396023

Tel: (022) 62396023

Email: abhijit.nadkarni@infomerics.com

Email: prakash.kabra@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's



Press Release

long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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, suspend 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.

Annexure I: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based - Term Loan	28 th March 2016	12.75%	31 st December 2020	21.70	IVR BBB- / Stable Outlook
(Proposed)Long Term Fund Based - Term Loan	-	-	31 st December 2020	3.30	IVR BBB- / Stable Outlook
Long Term Fund Based - Term Loan	14 th February 2019	13.35%	31 st January 2023	78.82	IVR BBB- / Stable Outlook
Long Term Fund Based - Term Loan	8 th February 2019	15.00%	31 st January 2023	46.70	IVR BBB- / Stable Outlook
Long Term Fund Based - Term Loan	10 th September 2018	16.65%	31 st August 2024	25.00	IVR BBB- / Stable Outlook
(Proposed)Long Term Fund Based - Term Loan	-	-	31 st August 2024	50.00	IVR BBB- / Stable Outlook
Long Term Fund Based - Term Loan	11 th September 2014	13.25%	15 th September 2021	0.58	IVR BBB- / Stable Outlook
Long Term Fund Based - Term Loan	21 st July 2020	13.75%	31 st December 2023	27.50	IVR BBB- / Stable Outlook
(Proposed)Long Term Fund Based - Term Loan	-	-	31 st December 2023	12.50	IVR BBB- / Stable Outlook