

March 17, 2022

Bhadra International (India) Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	168.67	168.67	[ICRA]D; reaffirmed
Working Capital facilities	26.55	26.55	[ICRA]D; reaffirmed
Short term- Non-fund based	38.00	38.00	[ICRA]D; reaffirmed
Total	233.22	233.22	

*Instrument details are provided in Annexure-1

Rationale

The rating factors in continued delays in repayment of Bhadra International (India) Private Limited (Bhadra International) debt obligations owing to adverse impact of the pandemic on its ground handling services. The company has discontinued providing ground handling services at Calicut, Coimbatore, Mangalore, Trichy and Trivandrum airports from October 2020. Further, the company had also stopped providing ground handling services at Kolkata and Chennai airports from Q1FY2022 which resulted in significant decline in scale of operations and poor liquidity position.

Key rating drivers and their description

Credit strengths

Not Applicable

Credit challenges

Delays in debt servicing due to poor liquidity - Bhadra International went into corporate debt restructuring (CDR) in FY2013. While the repayments on restructured loans commenced from September 2014, the company continued to face liquidity constraints due to its inability to significantly scale up its operations because of competition from other players. Resultantly, there have been continued delays in meeting the repayment obligations and the account has been classified as NPA.

Weak financial profile with fully eroded net worth - The net-worth of the company has fully eroded due to significant operating losses in the past years.

Liquidity position: Poor

The company's liquidity position is poor. The principal repayment obligation for FY2022 cannot be met through cashflow from operations.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates track record of regular debt servicing.

Negative factors – Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Default Recognition
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Bhadra International (India) Private Limited is promoted by Mr. Prem Bajaj who holds 62.5% of the total equity of the company, while the balance is held by GPC Mauritius IX LLC. Incorporated in 2000, it is involved in providing ground handling services, ramp services and allied services at airports across India. The company had entered into a technical collaboration with Novia International Consulting ApS (Denmark) in 2007 and was awarded concession from Airport Authority of India (AAI) to provide comprehensive ground handling services at seven airports including, Chennai, Trichy, Coimbatore, Kolkata, Calicut, Trivandrum and Mangalore. As on date, however, the company has discontinued its operations at the seven airports and has terminated its technical collaboration arrangement.

Key financial indicators (audited)

Bhadra International (India) Private Limited	FY2020	FY2021
Operating Income (Rs. crore)	260.2	91.2
PAT (Rs. crore)	-13.0	-45.3
OPBDIT/OI (%)	14.7%	11.5%
PAT/OI (%)	-5.0%	-49.7%
Total Outside Liabilities/Tangible Net Worth (times)	-1.8	-1.5
Total Debt/OPBDIT (times)	5.5	19.7
Interest Coverage (times)	1.7	0.6

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of March 31, 2021 (Rs. crore)	Date & Rating	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					March 17, 2022	Dec 18, 2020	June 07, 2019	-
1	Long term- Term Loan	Long-term	168.67	154.0	[ICRA]D	[ICRA]D	[ICRA]D	-
2	Long term- Fund based/ Cash Credit	Long-term	26.55	-	[ICRA]D	[ICRA]D	[ICRA]D	-
3	Short term- Non-fund based	Short-term	38.00	-	[ICRA]D	[ICRA]D	[ICRA]D	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Working Capital facilities	Simple
Short term- Non-fund based	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Term Loans	Sep-12	NA	Mar-23	168.67	[ICRA]D
NA	Working Capital facilities	NA	NA	NA	26.55	[ICRA]D
NA	Short term- Non-fund based	NA	NA	NA	38.00	[ICRA]D

Source: Company

Annexure-2: List of entities considered for consolidated analysis- Not Applicable

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