

## BUCON Infratech Private Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action As on August 2016
Fund-based Limits	13.0 ( enhanced from 10.0)	[ICRA]A4;reaffirmed
Non-fund Based Limits	2.5 (reduced from 3.5)	[ICRA]A4;reaffirmed
Short-term Unallocated	0.5	[ICRA]A4;assigned

ICRA has reaffirmed its short-term rating of [ICRA]A4 (pronounced ICRA A four)<sup>1</sup> on the Rs. 13.0-crore<sup>2</sup>(enhanced from Rs. 10.0 crore) fund-based bank limits and Rs. 2.5 crore (reduced from Rs. 3.5 crore) non-fund based limits of BUCON Infratech Private Limited (BIPL). ICRA has also assigned a short-term rating of [ICRA]A4 (pronounced ICRA A four) to the Rs 0.50-crore unallocated limits of BIPL.

ICRA's rating continues to factor in the experience of BIPL's promoters in the civil construction industry. Further, the rating reaffirmation draws support from the comfortable capital structure and coverage indicators in the absence of any debt-funding plans.

However, the rating continues to be constrained by the company's exposure to high project concentration risk (75 % of the pending order book is from top three projects) and significant reliance of the company on the real estate sector; that exposes the company to cyclicalities in the sector. Consequently, the company witnessed a revenue de-growth in FY2016 due to the closure of a large real estate-based project. The rating is further constrained by the moderate pending order book of ~ Rs 85.0 crore as of June, 2016 which provides revenue visibility in the near term. The company's working capital position has deteriorated owing to stuck receivables. While it has received enhancements from the bank, repayment of unsecured loans has rendered it dependent on the bank limits resulting in high utilisation.

Going forward, BIPL's ability to scale up its operations by getting new orders and timely execution of the existing order book, along with efficient working capital management will be the key rating sensitivities.

### Company Profile

BIPL was promoted in May 2007 by Mr. Jagdish Badhwar and his son Mr. Paras Badhwar. The company is closely held and the promoter family has been in the construction business for more than three decades, having worked in the industrial as well as the institutional segment. BIPL's current focus is on construction of multi-storeyed buildings for group housing societies and its scope of work includes civil, sanitary, water supply, drainage, electrical and other developmental work.

### Recent Results

For FY2015, the company reported a net profit of Rs. 1.2 crore on an operating income of Rs. 91.3 crore, as compared to a net profit of Rs. 1.0 crore on an operating income of Rs. 54.9 crore for the previous year. The company, on a provisional basis, reported a net profit of Rs. 1.0 crore on an operating income of Rs. 67.8 crore for FY2016.

**August 2016**

<sup>1</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other rating publications

<sup>2</sup> 100 lakh = 1 crore = 10 million



*For further details, please contact:*

**Analyst Contacts:**

**Mr. Sabyasachi Majumdar** (Tel. No. +91 124 4545304)  
sabyasachi@icraindia.com

**Sheetal Sharad** (Tel. No. +91 124 4545 374)  
sheetal.sharad@icraindia.com

**Manish Ballabh** (Tel. No. +91 124 4545 812)  
manish.ballabh@icraindia.com

**Shiffali Garg** (Tel. No. +91 124 4545 868)  
shiffali.garg@icraindia.com

**Relationship Contacts:**

**Mr. Jayanta Chatterjee** (Tel. No. +91-80-43326401)  
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500