



## East Coast Constructions & Industries Limited

Instrument	Amount (Rs Crore)	Ratings Outstanding June-12
Term Loan	2.5 (revised from Rs 12.5 crore)	[ICRA]C
Fund Based	224	[ICRA]C
Non Fund Based	282	[ICRA]A4

ICRA has revised the long term rating assigned to the Rs 2.5 crore (revised from Rs 12.5 crore) term loan and the Rs 224 crore fund based limits of East Coast Constructions & Industries Limited (ECCI) from [ICRA]BBB- (pronounced ICRA triple B minus) to [ICRA]C (pronounced ICRA C)<sup>†</sup>. ICRA has also revised the short term rating assigned to the Rs 282 crore Non-Fund based limits of ECCI from [ICRA]A3 (pronounced ICRA A three) to [ICRA]A4 (pronounced ICRA A four)<sup>†</sup>.

The rating revision takes into account significant deterioration in ECCI's FY12 financial performance marked by nearly 33% decline in revenue and net loss of almost Rs 55 crore. The poor financial performance is largely attributed to slow progress in several ongoing projects due to client side approval issues. The situation is further aggravated by delays faced by ECCI in receiving payments from government clients. On account of the stressed liquidity position, the company has not been able to service some of its debt obligation in a timely manner. However, it is servicing obligations on ICRA rated loans in a timely manner. It has received almost Rs 44 crore of Inter Corporate Debt (planned to be converted into equity) from its parent (Buharia group) which helped it to partly fund its losses. Further, the promoter plans to infuse additional Rs 51 crore in the company in near term. Besides factoring in the above updates, the revised rating continues to reflect ECCI's high gearing level and the intensely competitive nature of the industry. ICRA however continues to draw comfort from the company's established position in the construction industry and strengths derived from being part of the Buharia group.

### Company Profile

ECCI started as a partnership firm in 1962. The company was converted into private limited company in 1995 and subsequently into public limited company in 1998. ECCI operates in four sectors namely Buildings, Water supply and Sewerage, Roads & Bridges, and Power Substations & Transmission lines and has completed several key projects till date. The company is also geographically diversified with operations primarily in seven states namely Tamil Nadu, Andhra Pradesh, Karnataka, Orissa, West Bengal, Kerala & Maharashtra.

ECCI is part of the Chennai based Buharia group promoted by Mr. B. S. Abdur Rahman and family. The group primarily comprises of six companies namely ECCI, Coastal Energy Ltd., Chennai Citi Centre Holdings Pvt. Ltd, Trans Cars (P) Ltd., Trans Tempo (P) Ltd. and Buharia Estate and Company. In addition to this, Mr. Rahman and his family members also has considerable stakes in Coal & Oil and ETA Ascon groups.

### Recent Results:

ECCI reported an operating income of Rs. 485 crore and a net loss of Rs. 55 crore in FY12 as compared to an operating income of Rs. 730 crore and a profit after tax of Rs. 13.5 crore in FY11.

June 2012

<sup>†</sup> For complete rating scale and definitions please refer to ICRA's Website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications



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