

## Press Release

### BSCC Infrastructure Private Limited

June 14, 2019

### Rating Reaffirmed



<b>Total Bank Facilities Rated*</b>	Rs. 10.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable (Reaffirmed)
<b>Short Term Rating</b>	ACUITE A4 (Reaffirmed)

\* Refer Annexure for details

### Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE B' (read as ACUITE B )** and short term rating of '**ACUITE A4' (read as ACUITE A four) from ACUITE A4** on the Rs. 10.00 crore bank facilities of BSCC Infrastructure Private Limited. The outlook is '**Stable**'.

BSCC was founded by Mr. Babubhai Shankarbhai Chaudhary and Mrs. Shivrambhai Shankarbhai Chaudhary, as partnership firm in 2004. Subsequently, a private limited company was incorporated to take over the existing business of the partnership firm in 2011. The company undertakes contracts of construction work and supply of labour for operations & maintenance work for ONGC.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of BIPL to arrive at the rating

### Key Rating Drivers

#### Strengths

##### • Experienced Management

The company is promoted by Mr. Babubhai Shankarbhai Chaudhary and Mrs. Shivrambhai Shankarbhai Chaudhary. The management has experience of more than a decade in infrastructure industry. Their active presence has helped to maintain long standing relation with reputed customer, like ONGC.

##### • Moderate financial risk profile

The financial risk profile of BSCC remains moderate marked by moderate net worth and debt coverage indicators. The tangible net worth stood at Rs.7.37 crore as on 31 March 2018 as against Rs.7.21 crore as on 31 March 2017. The gearing stood at 0.59 times as on 31 March 2018 as compared to 0.27 times as on 31 March 2017. The total debt of Rs. 4.33 crore outstanding as on 31 March 2018 comprises of Rs. 2.81 crore as unsecured loans from promoters and Rs.1.52 crore as working capital borrowings from the bank. The interest coverage ratio stood at 1.92 times in FY2018 as against 1.97 times in FY2017. Debt-EBITDA stands at 5.74 times in FY2018 as against 3.31 times in FY2017. Acuite believes that the financial risk profile of BSCC will remain moderate over the medium term in the absence of any major capital expenditure plan.

#### Weaknesses

##### • Working capital intensive cycle

The operations of BSCC Infrastructure Private Limited are working capital intensive marked by GCA days of 1034 days in FY2018 as against 986 days in FY2017. This is majorly on account of high inventory holding period of 809 days in FY2018 as against 754 days in FY2017. The collection period is stretched at 307 days in FY2018 from 258 days in FY2017. The average bank limit utilization stood more than 99% per cent for the average of last six months ended May 2019. Acuite believes that being into infrastructure industry high inventory and stretched receivables are inherent. The ability of the company to manage its working capital cycle will be a key rating sensitivity.

#### • Customer concentration risk

The company faces high customer concentration risk. Its major customer is Oil and Natural Gas Corporation Limited who accounted for more than 75 percent of its sales in the last three years period ended FY2019. The high customer concentration renders the revenue growth and profitability susceptible to the growth plans procurement and credit policies of its key customers.

#### Liquidity position

Liquidity profile of BSCC is average reflected by high GCA days and high bank limit utilisation. Working capital cycle is highly intensive with GCA of about 1034 days and lead to high utilisation of its working capital limits more than 99 per cent for the last six months through May 2019. The current ratio is at 2.19 times in FY2018. BSCC's cash accruals were in the range of Rs.0.21-0.45 crore for the period FY2016-FY2018 against no repayment obligations. The cash accruals are expected in the range of Rs.0.69 – 0.76 crore over the medium term against no repayment obligations.

#### Outlook: Stable

Acuite believes that BSCC will maintain a 'Stable' outlook owing to the experience of the management in the infrastructure industry. The outlook may be revised to 'Positive' in case of stability and improvement in profitability while improving scale of operations. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in the working capital cycle.

#### About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	14.52	5.76	5.85
EBITDA	Rs. Cr.	1.19	0.74	0.54
PAT	Rs. Cr.	0.49	0.16	0.08
EBITDA Margin	(%)	8.18	12.80	9.19
PAT Margin	(%)	3.36	2.83	1.35
ROCE	(%)	9.13	6.05	4.50
Total Debt/Tangible Net Worth	Times	0.48	0.59	0.27
PBDIT/Interest	Times	3.15	1.92	1.97
Total Debt/PBDIT	Times	3.19	5.74	3.31
Gross Current Assets (Days)	Days	381	1034	986

#### Status of non-cooperation with previous CRA (if applicable)

None

#### Any other information

None

#### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities in Infrastructure Sector - <https://www.acuite.in/view-rating-criteria-14.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

#### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

#### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-Apr-2018	Cash Credit	Long Term	INR 1.5	ACUITE B / Stable (Assigned)
	Bank Guarantee	Short Term	INR 3.5	ACUITE A4 (Assigned)
	Proposed Bank Facility	Long Term	INR 5	ACUITE B / Stable (Assigned)

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.50	ACUITE B / Stable (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Reaffirmed)
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B / Stable (Reaffirmed)

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**About Acuité Ratings & Research:**

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