



Press Release
DUCON INFRA TECHNOLOGIES LIMITED
June 19, 2025
Rating Upgraded and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.49	ACUITE B+ Stable Upgraded	-
Bank Loan Ratings	11.51	ACUITE B+ Upgraded & Withdrawn	-
Bank Loan Ratings	55.00	-	Not Applicable Withdrawn
Total Outstanding Quantum (Rs. Cr)	45.49	-	-
Total Withdrawn Quantum (Rs. Cr)	66.51	-	-

Rating Rationale

Acuité has upgraded its long-term rating to '**ACUITE B+ (read as ACUITE B plus)**' from '**ACUITE D (read as ACUITE D)**' on the Rs. 45.49 Cr. bank facilities of Ducon Infratechnologies Limited (DIL). The outlook is 'Stable'.

Acuité has upgraded and withdrawn its long-term rating to '**ACUITE B+ (read as ACUITE B plus)**' from '**ACUITE D (read as ACUITE D)**' on the Rs. 11.51 Cr. bank facilities of Ducon Infratechnologies Limited (DIL). The rating has been withdrawn on account of the request received from the company reduction of sanctioned limits as per the sanction letter.

Acuité has withdrawn its short-term rating on the Rs. 55.00 Cr. bank facilities of Ducon Infratechnologies Limited (DIL) without assigning any rating as the facility stands closed as per the sanction letter. The rating is being withdrawn on account of request received from the company.

The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating as applicable to the respective facility / instrument.

Rationale for upgrade:

The rating action considers DIL meeting the curing period criteria for rating restoration following the reported delay, in line with Acuite's criteria for recognition of default. Furthermore, it takes into account its improving operating performance along with the extensive experience of the promoters of over three decades in executing EPC contracts for setting up industrial pollution control and material handling systems, as well as dealing in the IT hardware business.

However, the rating remains constrained by its intensive nature of working capital operations.

About the Company

Incorporated in March 2005, Maharashtra-based Ducon Infratechnologies Limited (DIL) is the Indian arm of Ducon Technologies Inc., USA. The company is promoted by Mr. Arun Govil. Ducon undertakes turnkey projects for setting up industrial pollution control and material handling systems. Ducon Infratechnologies Limited was established in India to take advantage of opportunities in the Indian subcontinent in the fields of air pollution

control, bulk material handling, and other related industrial projects. As an EPC (Engineering Procurement & Construction) company, DIL has executed multiple projects over the last 14 years in India.

About the Group

The Ducon Group (DG) consist of two companies i.e. Ducon Infratechnologies Limited and its wholly owned subsidiary company Ducon Combustion Equipment Inc. (DCE). In the year 2017, DIL has set up its wholly owned subsidiary company in the name of Ducon Combustion Equipment Inc. (DCE) in New York, USA in order to sell diversified combustion and power products. The products includes steam & power turbines, heat recovery steam generators and cogeneration plants using both gas and biomass fuels.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

The team has consolidated the business and financial risk profiles of Ducon Infratechnologies Limited (DIL) and its wholly own subsidiary Ducon Combustion Equipment Inc. (DCE) together referred to as the 'Ducon Group' (DG). The consolidation is i.n view of the common management, same line of business and financial linkages between the entities.

Key Rating Drivers

Strengths

- **Established tracked record of operations along with experienced management**

Ducon, promoted by Mr. Arun Govil (Managing Director), is engaged in undertaking EPC contracts for setting up industrial pollution control and material handling systems, as well as dealing in IT hardware. The company has forayed into FGD systems in thermal power plants, along with bulk material handling services and rural and urban electrification, including the construction of substations. The promoter, Mr. Arun Govil, has gained over three decades of experience from his overseas business in Ducon Technologies Inc. and is ably supported by a well-experienced second line of management. The experience of the promoters and the well-established track record of operations have helped the company build strong relationships with some of the reputed clientele in the country. Acuité believes that the company will sustain its existing business risk profile on the back of an established track record of operations and experienced management over the medium term.

- **Scale of operations**

The group has registered steady growth in operating income, which stood at Rs. 418.76 Cr. in FY2024, compared to Rs. 395.59 Cr. in FY2023. The operating margins of the company have improved, standing at 5.07 percent in FY2024, compared to 4.09 percent in FY2023. The growth in revenues is due to the timely execution of the order book of its core business, i.e., FGD systems. Furthermore, FY2025 revenue is estimated to be Rs. 452.52 Cr, with a margin estimated to be 6.87 percent. This improvement is attributed to enhanced operational efficiency and prudent cost management. Acuité believes that, going forward, the operating income and profitability of the company will improve in the near term.

- **Moderate financial risk profile**

The financial risk profile of the group is moderate with healthy net worth, gearing and moderate debt protection metrics and high Debt – EBTIDA level. The net worth stood at Rs.120.41 Cr. and Rs.122.37 Cr. as on March 31, 2024 and 2023 respectively. The gearing of the group stood at 0.86 times as on March 31, 2024, as against 0.78 times as on March 31, 2023. Group's debt protection metrics are moderate– Interest coverage ratio and debt service coverage ratio stood at 2.21 times and 1.50 times as on March 31, 2024, respectively as against 1.69 times and 1.53 times as on March 31, 2023, respectively. TOL/TNW stood at 1.43 times and 1.25 times as on March 31, 2024, and 2023 respectively. The debt to EBITDA of the group stood at 4.69 times as on March 31, 2024, as against 5.68 times as on March 31, 2023. Acuité believes that the financial risk profile of the company will continue to remain moderate on account of no major debt funded capex over the medium term.

Weaknesses

- **Working capital intensive operations**

Group's working capital operations are intensive in nature, marked by high gross current asset (GCA) at 230 days in FY2024, as against 228 days in FY2023. GCA days are mainly effected by debtor days which stood at

225 days in FY2024 as against 223 days in FY2023. As it goes through three stages (Mechanical completion, Commissioning and Performance guarantee check) and payments are received upon the completion of each stage, contributing to their consistently high receivables. DIL doesn't have any inventory as the products are customized as per client's requirement, and it directly stores in the plant of the client. Subsequently, the payable period stood at 53 days as on March 31, 2024, as against 49 days as on March 31, 2023 respectively.

Rating Sensitivities

- Sustained growth in scale of operations and profitability
- Any stretch in working capital cycle led by higher receivables and deterioration in liquidity position

Liquidity Position: Adequate

. The group's net cash accruals stood at Rs.8.86 Cr. in FY2024 as against its repayment obligation of Rs.2.61 Cr. for the same period. Going forward, the group is expected to generate moderate net cash accruals against maturing repayment obligations. Unencumbered cash and bank balances stood at Rs. 0.05 Cr. as on March 31, 2024. The current ratio stood at 2.14 times as on March 31, 2024. However, the reliance on working capital limits stood high marked by average 97 percent utilization of the fund-based limits used over the past six months ending in Mar 2025. Acuité believes that the group's liquidity is likely to remain adequate on the back of continued expected adequate cash accrual generation.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	418.76	395.59
PAT	Rs. Cr.	7.63	4.10
PAT Margin	(%)	1.82	1.04
Total Debt/Tangible Net Worth	Times	0.86	0.78
PBDIT/Interest	Times	2.21	1.69

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

Not applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Mar 2024	Cash Credit	Long Term	57.00	ACUITE D (Downgraded from ACUITE BB Stable)
	Bank Guarantee/Letter of Guarantee	Short Term	55.00	ACUITE D (Downgraded from ACUITE A4+)
29 Dec 2022	Bank Guarantee/Letter of Guarantee	Short Term	55.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	57.00	ACUITE BB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	Not Applicable Withdrawn
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.49	Simple	ACUITE B+ Stable Upgraded (from ACUITE D)
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.51	Simple	ACUITE B+ Upgraded & Withdrawn (from ACUITE D)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Name of the companies
1	Ducon Combustion Equipment Inc.
2	Ducon Infratechnologies Limited

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About Acuité Ratings & Research

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