

## Bijoy Buildcons Private Limited

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	26.58 (Reduced from 30.00)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation in rating to the bank facilities of Bijoy Buildcons Private Limited (BBPL) continue to be constrained by working capital intensive nature of operations, susceptibility of margins to volatility in input prices, fragmented nature of industry and tender based nature of operation leading to intense competition in civil construction and client & geographical concentration risk. The rating however derives strength from long experience of promoters in civil construction business, satisfactory orderbook position, improvement in scale of operations amid satisfactory profitability margins in FY24 and improvement in capital structure.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sizeable increase in scale of operation (Total operating income > Rs. 200.00 crore) while maintaining current profitability on a sustained basis.
- Improvement in overall gearing to below 1.00x

#### Negative factors

- Dip in total operating income of Rs. 100 crores and dip in PBILDT margin below 6% on sustained basis.
- Withdrawal of unsecured loan from current levels.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook is on account of long experience of promoters and execution of orders in hand while maintaining current margins.

### Detailed description of key rating drivers:

#### Key weaknesses

**Working capital intensive nature of operations:** The operations of the company are working capital intensive in nature due to tender based and long-term nature of contracts. The company needs to furnish earnest money deposits (EMD) of 1% during the bidding process which leads to funds getting blocked even before the project is awarded. Further, a part of the sales proceeds (3-5%) is also withheld in the form of retention money which necessitates requirement of working capital. Retention money released post defect liability period (DLP) of 1 year from the date of completion of project. The company's collection period moderated from 24 days in FY23 to 30 days in FY24, while the o/s debtors (including retention money) stood at Rs 11.74 crores as on Mar 31, 2024 as compared to Rs 14.07 crores as of March 31, 2023. Additionally, the creditor's period stretched from 42 days in FY23 to 54 days in FY24.

**Susceptibility of margins to volatility in input prices:** The raw/input materials (Cement, H.T wire, Sand & Chip, etc.) required by BBPL are highly volatile. Any adverse change in raw/input material prices would impact the profitability of the company considering the volatility in the prices of such materials.

**Fragmented nature of industry and tender based nature of operation leading to intense competition in civil construction:** The infrastructure sector in India is highly fragmented with a large number of small and mid-sized players. This coupled with tendering process in order procurement results in intense competition within the industry, fluctuating revenues and restrictions in profitability. Additionally, continued increase in execution challenges including delays in land acquisition, regulatory clearances, aggressive bidding, interest rate risk and delays in project due to environmental clearance are other external factors that affect the credit profile of industry players. All these are tender- based and the revenues are dependent on the ability of the company to bid successfully for these tenders. Profitability margins come under pressure because of competitive nature of the industry. Also, there are numerous fragmented & unorganized players operating in the segment which makes the civil construction

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

space highly competitive. However, the promoter's long industry experience of nearly three decades mitigates this risk to some extent.

**Client & geographical concentration risk:** BBPL does not have diversified client base as it works only for the government agencies mainly for R&B and WRD department of Odisha government, exposing the company to customer concentration risk. However, being associated with government agencies ensures BBPL a steady flow of income with minimal default risk. Furthermore, BBPL is currently taking tenders based in Odisha, which account for 100% of the existing orders showing high geographical concentration risk.

### Key strengths

**Long experience of promoters in civil construction business:** The promoter includes Bijoy Rout, Sudhansubala Rout and Ansuman Rout. The company is engaged in civil construction work on turnkey basis majorly from Irrigation department, Roads & Building department of State Government. It undertakes work like civil construction, road construction, sewage construction, etc. The promoters have experience of more than 15 years in construction business through its proprietorship firm.

**Satisfactory orderbook position:** The company's o/s unexecuted order book in hand (including sub-contracting works) as on December 31, 2024, stood at Rs. 255.71 crore (1.58x of total operating income as on FY24) thereby indicating satisfactory revenue visibility. Further, the company is L1 bidder in 5 projects (including sub-contracting works) of Rs. 55.95 crore as on December 31, 2024.

**Improvement in scale of operations amid satisfactory profitability margins in FY24:** The company has reported growth in total operating income (TOI) by ~29.36% Y-o-Y from Rs. 124.99 crores in FY23 to Rs. 161.69 crores in FY24 on account of higher execution of orders. Both PBILDT and PAT margins showed improvement in FY24 and stood at 10.95% (FY23: 8.89%) and 7.53% (FY23: 6.55%) respectively. In 11MFY25, the company achieved a TOI of Rs.138 crores.

**Improvement in capital structure:** The capital structure of the company improved marked by overall gearing ratio of 1.43x in FY24 against 3.63x in FY23. The improvement was on account of increase in net worth due to accretion of profits to reserves and repayment of debt.

### Liquidity: Stretched

The company's liquidity position remains stretched with high utilization of FD backed OD facility and full utilization of FD backed BG limits. The company has FDOD facility of Rs.15 crore (o/s - Rs.14.10 crore as on Dec 31, 2024) from Indian bank and Rs.2.7 crore from SBI (o/s - Nil) backed by 110% FD margin, Rs.23 crore BG (fully utilized) backed by 100% FD margin and Rs.25 crore BG (fully utilized) backed by 10% FD margin.

In FY25, the company's debt repayment obligation stands at Rs.0.70 crore and the same would be met entirely through gross cash accruals.

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Infrastructure Sector Ratings](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in January 2020, Bijoy Buildcons Private Limited (BBPL) is engaged in civil construction work on turnkey basis majorly from Irrigation department, Roads & Building department of Odisha state government. It undertakes work like civil construction, road construction, sewage construction etc. The company is a Super Class contractor.

Earlier, the promoters were doing civil construction work through a sole proprietorship firm ABS Engineering & Developers started in 2010. The sole proprietorship firm is executing orders received earlier and new orders are being taken in BBPL. BBPL is managed by Odisha based Rout family. The promoter includes Bijoy Rout, Sudhansubala Rout and Ansuman Rout. The promoters have experience of around 15 years in construction business.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (U/A)
Total operating income	124.99	161.69	138.00
PBILDT	11.11	17.71	NA
PAT	8.19	12.17	NA
Overall gearing (times)	3.63	1.43	NA
Interest coverage (times)	28.33	11.73	NA

A: Audited UA: Unaudited; NA: Not Applicable Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	30-04-2029	1.58	CARE BB+; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	25.00	CARE BB+; Stable

### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT-Bank Guarantee	LT	25.00	CARE BB+; Stable	1)CARE BB+; Stable (07-May-24)	-	-	-
2	Fund-based - LT-Term Loan	LT	1.58	CARE BB+; Stable	1)CARE BB+; Stable (07-May-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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