

## B. R. Goyal Infrastructure Limited

February 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	32.50	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	225.00	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB+; Stable / CARE A3+
Short Term Bank Facilities	7.28	CARE A2	Upgraded from CARE A3+

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Revision in the short-term rating assigned to the bank facilities of B. R. Goyal Infrastructure Limited (BRGL) takes into account improvement in the liquidity due to funds raised through initial public offering (IPO). A portion of these funds is intended for the working capital purpose, which shall reduce the company's reliance on the external borrowing.

Ratings continue to derive strength from vast experience of promoters & established track record of over three decades in the construction industry, growing albeit moderate scale of operations, segmental and geographical diversification of its orderbook. Ratings also takes cognisance of comfortable capital structure and debt coverage indicators and adequate liquidity.

The above strengths are, however, partially offset by BRGL's moderate profitability, working capital intensive nature of its operations, inherent risk associated with timely execution of orders on hand and presence in intensely competitive and fragmented construction industry with exposure of profit margins to fluctuation in raw material prices.

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

#### Positive factors

- Growth in scale of operations marked by total operating income (TOI) of more than Rs.700 crore on sustained basis.
- Improvement in profit before interest, lease, depreciation and tax (PBILDT) margin above 11.50% on a sustained basis.
- Reduction in gross current assets (GCA) days to below 110 days on sustained basis.

#### Negative factors

- Decline in scale of operations below Rs. 325 crore.
- Reduction in PBILDT margin below 5% on sustained basis.

### Analytical approach: Standalone

### Outlook: Stable

CARE Ratings believes that BRGL will continue to derive benefit from its experienced promoters and well-established operational track record in the construction industry and healthy order book position reflecting good revenue visibility in near to medium term.

### Detailed description of key rating drivers:

#### Key strengths

#### Fund raising through IPO leading to augmentation of the net-worth base

BRGL came-up with its IPO and its equity shares were listed on BSE SME platform w.e.f. from January 14, 2025. It raised Rs. 76.21 crore (net of issue expenses of ~Rs.9 crore) through issuance of 63.12 lakh new equity shares, which led to significant augmentation of its tangible net-worth base.

While a portion of the IPO proceeds shall be used for working capital and capex purpose, the balance will be invested in liquid assets or fixed deposits, improving the company's overall liquidity.

#### Growing albeit moderate scale of operations and healthy orderbook position

BRGL has reported continuous increase in its TOI marked by compounded annual growth rate (CAGR) of 34% during last five years ended on March 31, 2024. During FY24, the TOI of BRGL grew by 67% on y-o-y basis to Rs. 582 crore (FY23: Rs. 374 crore) backed by timely execution of orders along with income from toll collection. Despite growing scale, company continue to operate on the moderate base. During H1FY25, BRGL reported TOI of Rs.204.70 crore (H1FY24: Rs.226.67 crore).

<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.

### Healthy order book position

The orderbook position remained comfortable at Rs. 966 crore as on December 31, 2024 (including toll collection projects of Rs. 113 crore) (PY: Rs. 793 crore including toll projects of Rs. 100 as on October 31, 2023). Post last review, BRGL has received 14 new orders, amounting to Rs. 525 crore, contributing 50% of the current orderbook. Further, BRGL has also been declared L1 bidder in one project amounting to Rs. 311 crore.

The order book to TOI for FY24 remained moderate at 1.47x (PY: 2.28x) providing medium term revenue visibility. Excluding toll income in TOI, the orderbook to TOI remains moderate at 1.98x. Over the years, BRGL has diversified its geographical presence from single state of Madhya Pradesh (MP) to around six states as on December 31, 2024 with major presence in the states of Maharashtra, Madhya Pradesh and Gujarat. The top 5 orders contribute to 58% of the orderbook.

### Comfortable capital structure coupled with moderate debt coverage indicators

The capital structure of BRGL continued to remain comfortable marked by below unity overall gearing of 0.42x as on March 31, 2024 (0.47x as on March 31, 2023) backed by low debt level and improvement in net worth base with the healthy accretion of profits. The net-worth base of the company grew substantially post raising of the funds through IPO in January 2025.

The debt coverage metrics continued to remain moderate marked by PBILDT interest coverage ratio of 4.42x during FY24 (FY23: 3.56x) and total debt to gross cash accruals (TDGCA) at 1.96x as on March 31, 2024 (FY23: 2.33x as on March 31, 2023).

Company doesn't have any major debt-funded capex plan in near term, which shall aid in maintaining the current level of comfortable capital structure and debt coverage indicators.

### Experienced promoters backed by well-established operational track record in the construction industry

BRGL is promoted by Indore-based Goyal family & is currently managed by Mr. Rajendra Kumar Goyal, Mr. Gopal Goyal and Mr. Brij Kishore Goyal. All the promoters have over two decades of experience in the construction industry. The directors are assisted by Mr. Yash Goyal & Mr. Uppal Goyal; second generation of the family. BRGL has an operational track record of over three decades in the construction industry and has executed many mid-size projects across multiple segments in Madhya Pradesh.

### Key weaknesses

#### Moderate profitability and continued dependence on sub-contracting

The PBILDT margin of BRGL declined by 226 basis points from 8.68% in FY23 to 6.42% in FY24 owing to income from the toll collection, a low margin business. Income from toll collection was ~26% of TOI in FY24 (FY23: nil), thus impacting its profitability. Excluding the toll collection, company operates on moderate PBILDT margin of ~8-9%. In line with the decline in PBILDT margin, profit after tax (PAT) margin also declined from 4.66% in FY23 to 3.76% in FY24. BRGPL reported GCA of Rs. 27 crore in FY24 (FY23: Rs. 21 crore).

#### Presence in intensely competitive and fragmented construction industry with exposure of profit margins to fluctuation in raw material prices

BRGL is a mid-sized player operating in an intensely competitive construction industry with presence of large number of contractors. Furthermore, with low counterparty credit risk and a relatively stable payment track record of projects funded by government bodies, these projects are lucrative for all the contractors and hence are highly competitive. Nevertheless, aggressive bidding by the company or delay in project progress due to unavailability of regulatory clearances may affect the credit profile of the contractor and exert pressure on the margins. Further, considering execution period of orders awarded to BRGL usually ranges from 12- 36 months, its profitability remains susceptible to fluctuations in the input prices. However, presence of built-in escalation clause mitigates the risk to a certain extent.

#### Working capital intensive nature of operations

Being EPC contractor, BRGL has high working capital intensity primarily due to funding requirement for security deposits, retention amount and margin money towards various contracts & non-fund-based facilities. Further, it receives payments based on progress of the project achieved during the tenure after proper certification of work. However, BRGL's working capital cycle improved to 61 days during FY24 (FY23: 70 days) on account better billing and lower inventory days as on Balance sheet date.

**Liquidity: Adequate**

BRGL's liquidity position remained adequate marked by free cash and bank balance of Rs. 11.91 crore as on March 31, 2024 (Rs. 10.15 crore as on March 31, 2023) other than lien marked fixed deposits Rs. 16.62 crore as on March 31, 2024 (Rs. 17.89 crore as on March 31, 2023). Also, GCA is envisaged to remain moderate vis-à-vis its debt repayment obligation.

The average and maximum month-end utilization of fund-based limits remained at 79% and 94% respectively for the trailing 12-month period ended on November 30, 2024. Month-end utilization of non-based limit stood low at 46% for trailing 12-month period ended on November 30, 2024. The current ratio and quick ratio remained adequate at 2.40x (FY23:2.63x) and 1.54x (FY23:1.50x) respectively as on March 31, 2024. Working capital intensity improved moderately as marked by working capital cycle of 61 days in FY24 as against 70 days in FY23.

**Assumptions/Covenants:** Not applicable

**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](#)

[Short Term Instruments](#)

**About the company and industry****Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Indore-based BRGL was initially constituted as a partnership firm in 1986 under the name of M/s. Bal Krishna Ramkaran Goyal. Subsequently, it was converted into a private limited company as B.R. Goyal Infrastructure Private Limited (BRGL) in April 2005. Later, on May 09, 2018, it changed its constitution to closely held public company.

On January 14, 2025 equity shares of BRG were listed on BSE SME platform. BRGL is engaged in the construction of roads, bridges, buildings and toll collection majorly in Madhya Pradesh (MP), Maharashtra, Gujarat, Manipur and Mizoram. It has also set up four RMC manufacturing units and a windmill of 1.25 MW located at Jaisalmer, Rajasthan. BRGL enjoys A-5 class (Highest) status with Public Works Department (PWD) of MP and Indore Development Authority (IDA).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	347.04	581.72	204.7
PBILDT	30.12	37.33	12.41
PAT	16.18	21.87	6.07
Overall gearing (times)	0.47	0.42	0.54
Interest coverage (times)	3.56	4.42	3.30

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	32.50	CARE BBB+; Stable
Fund-based - ST-Standby Line of Credit	-	-	-	-	7.00	CARE A2
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	225.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Forward Contract	-	-	-	-	0.28	CARE A2

**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	Fund-based - LT-Cash Credit	LT	32.50	CARE BBB+; Stable	-	1)CARE BBB+; Stable (05-Jan-24)	1)CARE BBB; Stable (28-Dec-22)	1)CARE BBB; Stable (05-Jan-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	225.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A3+ (05-Jan-24)	1)CARE BBB; Stable / CARE A3+ (28-Dec-22)	1)CARE BBB; Stable / CARE A3 (05-Jan-22)
3	Fund-based - ST-Standby Line of Credit	ST	7.00	CARE A2	-	1)CARE A3+ (05-Jan-24)	1)CARE A3+ (28-Dec-22)	1)CARE A3 (05-Jan-22)
4	Non-fund-based - ST-Forward Contract	ST	0.28	CARE A2	-	1)CARE A3+ (05-Jan-24)	1)CARE A3+ (28-Dec-22)	1)CARE A3 (05-Jan-22)
5	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (28-Dec-22)	1)CARE BBB; Stable (05-Jan-22)

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-Cash Credit	Simple
2	Fund-based - ST-Standby Line of Credit	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Forward Contract	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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