

B L Mehta Constructions Private Limited
April 1, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Rating Action
Long-term/ Short-term Bank Facilities	7.50	CARE BB-;Stable; ISSUER NOT COOPERATING*/ CARE A4; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable;ISSUER NOT COOPERATING*/ CARE A4; ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BB; Stable/ CARE A4 (Double BB; Outlook: Stable/ CARE A Four) on the basis of best available information
Long- term Bank Facilities	3.00	CARE BB-;Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable;ISSUER NOT COOPERATING*)	Issuer not cooperating; Revised from CARE BB; Stable (Double BB; Outlook; Stable) on the basis of best available information
Total Facilities	10.50 (Rupees Ten crore and Fifty lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from B L Mehta Construction Private Limited to monitor the rating vide letter dated March 18, 2020 and e mail communications dated February 28,2020, February 7,2020, January 28, 2020 and numerous phone calls in line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on B L Mehta Constructions Private Limited bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

Detailed description of the key rating drivers

The long term rating of the firm has been revised on account of partnership nature of constitution, susceptibility of fluctuation in raw material prices and monsoon dependent operations and fragmented nature of industry coupled with high level of government regulation.

Detailed description of the key rating drivers**Key Rating Weaknesses****Intense competition due to exposure to tender driven nature of business**

BLM's business is tender-based which is characterized by intense competition resulting in low operating margins for the company. The growth of business depends entirely upon the company's ability to successfully bid for tenders and emerge as the lowest bidder. Therefore, the ability of the company to secure new orders and successful execution with existing competition remains a concern.

Fragmented nature of the construction sector albeit improving growth prospects

The construction 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 into intense competition within the industry. Despite these road blocks faced by the industry, the sector is expected to grow, given huge economic significance associated with it and rising investor interest. Also, the outlook for Indian construction sector

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

continues to be stable in the medium to long-term on account of increased thrust of Government on development of infrastructure to support economic growth.

Key Rating Strengths

Experienced promoters and established track record of entity

BLM has been working as a Civil Contractor for thirteen years which aids in establishing relationship with suppliers. The company is currently being managed by Mr. Brij Lal and his son Mr. Piare Lal Mehta. Both the directors have an industry experience of around three and a half decades through their association with BLM since the inception and previously through Inderjit Mehta Constructions Private Limited as directors.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for short term instruments](#)

About the firm

B L Mehta Constructions Private Limited (BLM) was incorporated as a private limited company in January 2005 and is currently being managed by Mr. Brij Lal and his son Mr. Piare Lal Mehta. BLM is engaged in civil construction work and undertakes construction of buildings and departments only for government sector entities. The company is registered as a class 'SS' contractor with Military Engineering Services (MES), Jaipur Development Authority, Housing Board Chandigarh, CRPF, M.P. Police Housing & Infrastructure Development Corporation Limited, Maharashtra State Police Housing & Welfare Corporation Limited, etc. The orders undertaken by the company are secured through the competitive bidding process.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	57.18	105.88
PBILDT	4.14	9.02
PAT	0.11	3.28
Overall gearing (times)	1.48	1.02
Interest coverage (times)	1.11	2.92

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	3.00	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	7.50	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating;

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
					Revised from CARE BB; Stable / CARE A4 on the basis of best available information

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	3.00	CARE BB-; Stable; ISSUER NOT COOPERATING * Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	1) CARE BB; Stable (03-Jul-19)	1) CARE B+; Stable; ISSUER NOT COOPERATING * (20-Mar-19)	1) CARE BB-; Stable (07-Feb-18)	-
2.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	7.50	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * Issuer not cooperating; Revised from CARE BB; Stable / CARE A4 on the basis of best available information	1) CARE BB; Stable / CARE A4 (03-Jul-19)	1) CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (20-Mar-19)	1) CARE BB-; Stable / CARE A4 (07-Feb-18)	-

**Issuer did not cooperate; Based on best available information*

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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