

JANUARY 23, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF B.R. GOYAL INFRASTRUCTURE PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	17.70	CARE BBB (Triple B)	Reaffirmed
Short-term Bank Facilities	3.00	CARE A3 (A Three)	Reaffirmed
Long-term/Short-term Bank Facilities	38.50	CARE BBB/CARE A3 (Triple B/A Three)	Reaffirmed
Total Facilities	59.20		

Rating Rationale

The ratings continue to derive strength from the vast experience of the promoters of B.R. Goyal Infrastructure Private Limited (BRGL) in the road construction industry, its established track record of operations along with its moderate profitability and capital structure. The ratings further continue to factor its stable revenue from Ready Mix Concrete (RMC) business along with the thrust of the government on road and infrastructure development.

The ratings, however, continue to be constrained by BRGL's modest scale of operations in the intensely competitive infrastructure industry, geographical concentration of revenue towards road projects with presence mainly in the state of MP, working capital intensive operations and lower than envisaged sale of plots in its industrial park (real estate venture).

The ability of BRGL to increase its scale of operations along with improvement in profitability while maintaining its leverage and strengthening of its order book through greater geographical diversification of operations are the key rating sensitivities. Furthermore, timely sale of its balance real estate inventory at envisaged prices along with timely realization of proceeds thereof would also be a key rating monitorable.

Background

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 in April 2005. BRGL is engaged in the construction of roads and buildings in Madhya Pradesh (MP). It has also set up a RMC manufacturing unit with an installed capacity of 2.8 million cubic meters per annum and a wind mill 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).

During FY14 (refers to the period April 1 to March 31), BRGL reported a total operating (TOI) income of Rs.112.39 crore with a PAT of Rs.2.99 crore as against a TOI of Rs.118.88 crore with a PAT of Rs.4.02 crore in FY13. As per the provisional results for 9MFY15, BRGL reported TOI of Rs.75 crore.

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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