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## ICRA upgrades the ratings for the enhanced bank facilities of B.G. Shirke Construction Technology Private Limited, assigns stable outlook

ICRA has upgraded the rating assigned to enhanced term loan of Rs. 76.85 crore<sup>1</sup> fund based limits of Rs. 400 crore, non-fund based limits of Rs. 1500 crore and proposed bank lines of Rs. 26.90 crore of B.G. Shirke Construction Technology Private Limited (BGS) from "LBBB-" (pronounced L triple B minus) to "LBBB" (pronounced L triple B)<sup>†</sup>. The Outlook on the long-term rating is Stable. ICRA has also upgraded the rating assigned to non-fund based limits of Rs. 6.25 crore from "A3" (pronounced A three) to "A3+" (pronounced A three plus).

The rating upgrades favorably factor in BGS's improved financial profile marked by improvement in profitability and debt coverage indicators; healthy order book position of the company which provides visibility to the revenue going forward; and increase in geographical diversification of projects. Further, the ratings continue to factor in the BGS's experienced management, its established track record in civil construction space; and the competitive advantage enjoyed by the company in pre-fabricated construction technology in Maharashtra. The ratings also take into consideration the decline in the gearing of the company, although it still remains at relatively high level. The ratings also remain constrained by BGS's high client and sectoral concentration; delays witnessed in some of its projects; and concentration of a few large projects in the order book.

### Company Profile

Incorporated in 1955, BGS is the flagship company of the Shirke Group which includes other companies such as Siporex India Pvt. Ltd. and B.G. Shirke Oil & Gas Pvt. Ltd. BGS is mainly involved in civil construction projects like residential, commercial and industrial buildings. Apart from carrying construction work, BGS is also involved in manufacturing and erection of transmission towers. Besides, the company also has an agro division which manufactures and erects silo systems.

### Recent Results

BGS reported a profit after tax (PAT) of Rs. 37.9 crore in FY2009-10 on an operating income of Rs. 1150.78 crore registering, a substantial improvement over the previous year.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

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