

April 19, 2017

B L Goel & Company

Instrument*	Rated Amount (in crore)	Rating Action
Fund Based Limits	7.00	[ICRA]BB; reaffirmed ; outlook revised from Stable to negative
Non Fund based Limits	10.00 (enhanced from Rs 6.00 crore)	[ICRA]A4+ ; reaffirmed
Total	17.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed its long-term rating of [ICRA]BB (pronounced ICRA double B) on the Rs. 7.0-crore¹ fund-based facilities of B.L. Goel & Company (BLGC). ICRA has also reaffirmed its short-term rating of [ICRA]A4+(pronounced ICRA A four plus) on the Rs. 6.0-crore non-fund based facilities of BLGC. It also assigned a short-term rating of [ICRA]A4+ to the enhanced limit of Rs 4.00 crore of BLGC. The outlook on the long-term rating has been revised from 'Stable' to 'Negative'.

Rationale

The ratings reaffirmation takes into account the steady execution track record of the firm and its moderate profitability metrics and leverage. This apart, the ratings also take into account the firm's adequate order book of Rs 100.68 crore; the pending order book to operating income ratio was 1.35 times as on February 2017, lending revenue visibility over short to medium term. The ratings continue to favourably factor in the long experience of the promoters in the civil construction industry.

The ratings are, however, constrained by the geographical concentration of the firm's orders; risks associated with partnership constitution; and the exposure to raw material price fluctuations. The revision in outlook factors in the significant amount of receivables stuck with two real estate clients because of sector slowdown. Pending receivables have exerted pressure on the firm's liquidity, resulting in high limit utilisation and stretching of creditors. While the partners expect new orders to support the firm's operations and the recovery of receivables to happen over the next few months, the timeliness of the same will be a key rating sensitivity.

This apart, timely execution of the order book along with the ability of the firm to maintain its profitability and debt coverage will be the key rating sensitivity factors.

Key rating drivers

Credit strengths

- Established track record of operations of the firm; long experience of the promoters in the field of civil construction
- Healthy revenue visibility in the medium term as reflected in the pending order book of Rs. 100.68 crore as on February 28, 2017
- Moderate capital structure and coverage metrics backed by strong net worth

Credit weaknesses

- High debtor days of over 111 days
- Geographical concentration of the projects in the National Capital Region (NCR)
- Partnership constitution of the firm subjects it to risks of fund withdrawal, dissolution etc

Description of key rating drivers:

BLGC is involved in the business of civil construction and takes up work related to construction of multi storey buildings for group housing societies, including civil, sanitary and electrical works. The operations of the firm are confined to the NCR region. The firm has been facing payment issues from one of its major client, SRS real estate Limited, where payment has been stuck for the past two year, which the firm now expects to be released soon. BLGC usually undertakes work for private players; however, with the slowdown in the industry, the firm's focus has shifted to orders from government enterprises. Nearly 75% of the order book comprises orders from private players and the remaining from government enterprises.

The financial profile of the firm has remained moderate; the operating profit margin has remained constant over the years, within the range of 7.5% to 7.9%. The gearing of the firm improved from 1.38 times in FY2015 to 1.22 times in FY2016 owing to the decline in total debt outstanding. The firm has adequate order book of Rs 100.68 crore; the pending order book to operating income ratio is 1.35 times as on February 2017, lending revenue visibility over short to medium term.

Analytical Approach: While assigning the ratings, ICRA has taken a standalone view from the operational and financial profile of B L Goel & Company

Links to applicable criteria

<http://www.icra.in/Files/Articles/Construction,%20Rating%20Meth%20March%202017.pdf>

About the company:

Based in New Delhi, BLGC was established as a partnership firm in 1998. Mr. B L Goel, who is a civil engineer by profession, has more than 30 years of experience in the field of construction. Currently, Mr. B.L Goel, his wife Mrs. Ram Murthy Goel, and son Mr. Sanjay Goel serve as partners in the firm. BLGC is involved in the business of civil construction and takes up work related to construction of multi storey buildings for group housing societies. Its scope of work includes civil, sanitary and electrical work. The operations of the firm are confined to NCR and the company caters to both government and private entities for construction of residential as well as institutional buildings.

BLGC recorded a net profit of Rs. 3.70 crore on an operating income of Rs. 82.09 crore for the year ending March 31, 2016. Also, as per provisional numbers for 11 months FY2017, BLGC recorded operating income of Rs 59.55 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years:
Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years	
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month- year & Rating in FY2015	Month- year & Rating in FY2014
				April 2017	April 2016	February 2015
1	Fund based	Long Term	7.00	[ICRA]BB(Negative)	[ICRA]BB (Stable)	[ICRA]BB(Stable)
2.	Non fund based	Short term	10.00	[ICRA]A4+	[ICRA]A4+	[ICRA]A4+

Complexity level of the rated instrument:

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

Annexure-1
Details of Instrument

Name of the instrument	Date of issuance	Coupon rate	Maturity Date	Size of the issue (Rs. Cr)	Current Rating and Outlook
Cash Credit	-	-	-	7.00	[ICRA]BB(Negative)
Non fund based limited				10.00	[ICRA]A4+

Source: B L Goel & Company

Name and Contact Details of the Rating Analyst(s):

Sabyasachi Majumdar

+0124-4545 304

sabyasachi@icraindia.com

Sheetal Sharad

+0124-4545 374

sheetal.sharad@icraindia.com

Manish Ballabh

+0124-4545 812

manish.ballabh@icraindia.com

Vipul Jain

+0124- 4545 832

vipul.jain@icraindia.com

Name and Contact Details of Relationship Contacts:

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com



About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [**www.icra.in**](http://www.icra.in)

© Copyright, 2017, ICRA Limited. All Rights Reserved

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500