

July 07, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA BB-/Stable (Assigned)
Bank Guarantee	30.00	SMERA A4 (Assigned)

SMERA has assigned ratings of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.5.00 crore long-term fund based bank facility and '**SMERA A4**' (read as SMERA A four) to the Rs. 30.00 crore short-term non-fund based bank facility of B L Mehta Constructions Private Limited (BMCPL). The outlook is '**Stable**'. The ratings are supported by the company's established operations, experienced management, moderate financial risk profile and healthy order book. However, the ratings are constrained by the working capital intensive nature of business and intense competition prevalent in the civil construction business. The ratings also note the company's tender based business.

BMCPL, incorporated in 2005, is a Punjab-based company engaged in civil construction. The company benefits from its experienced management. Mr. Brij Lal Mehta, Director, has around three decades of experience in the civil construction business. BMCPL's moderate financial risk profile is reflected in the low gearing and moderate profitability indicators translating into moderate debt protection metrics. The gearing of the company is low with debt-equity ratio of 0.92 times as on March 31, 2014. The profitability ratio of the company is moderate with operating margin of 11.38 per cent and net margin of 3.42 per cent in FY2014 (refers to financial year, April 01 to March 31). The company has healthy debt protection metrics marked with moderate interest coverage ratio of 2.11 times in FY2013-14.

However, BMCPL's operations are working capital intensive, reflected in the gross current assets days of ~199 days in FY2014. The company operates in a highly fragmented and competitive segment of the infrastructure industry. Besides, the company sources business through tenders.

Outlook: Stable

SMERA believes BMCPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues and profits while maintaining debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile, or stretch in the company's working capital cycle.

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About the Company

BMCPL, incorporated in 2005, is a Punjab-based civil construction company headed by Mr. Brij Lal Mehta, Director who has around three decades of experience in the civil construction business..

For FY2013-14, BMCPL reported profit after tax (PAT) of Rs.2.48 crore on operating income of Rs.72.44 crore, as compared with net loss of Rs. 1.15 crore on operating income of Rs. 45.75 crore in FY2012-13. The company's net worth stood at Rs. 26.14 crore as on March 31, 2014 against Rs.18.91 crore at a year earlier. BMCPL registered revenue of Rs.115.40 crore (provisional) in FY2014-15.

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