



Press Release

Nanu Ram Goyal & Co.

March 24, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	7.00	IVR BB/Stable [IVR Double B with stable outlook]	IVR BB/Stable [IVR Double B with stable outlook]	Rating reaffirmed	<u>Simple</u>
Short Term Bank Facilities	38.00	IVR A4 [IVR A Four]	IVR A4 [IVR A Four]	Rating reaffirmed	<u>Simple</u>
Total	45.00	[Rupees Forty-Five Crore only]			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BB with stable outlook and IVR A4 for the short-term bank facilities of Nanu Ram Goyal & Co.

The rating reaffirmation is on account of improvement in capital structure coupled with experienced proprietor and healthy order book position. These rating strengths are partially offset by moderation in scale of operations with thin profitability and weak debt protection metrics. The rating also factors in the geographical concentration risk with stiff competition and tender based contract awarding system coupled and there also exists an inherent risk of the entity for being a proprietorship concern.

The 'Stable' outlook reflects expected increase in scale of operations along with profitability. Infomerics believes the company will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of Nanu Ram Goyal & Co. up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected cashflow for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the society's management.



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Key Rating Sensitivities:

Upward Factors

- Steady flow of orders and timely execution of the same leading to substantial and sustained improvement in the revenue and cash accruals.
- Maintaining the debt protection metrics and improvement in capital structure and liquidity, wherein, the specific credit metric will be Total Debt to GCA remaining below 3x on a sustained basis.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Delay in execution of orders in hand resulting in failure to achieve projected revenue and profitability.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Proprietor**

The firm is being managed by experienced proprietor who has an experience of over three decades in the industry and is instrumental in setting up and developing the entity. This has given them an understanding of the dynamics of the market and enabled them to establish relationships.

- **Healthy Order Book**

The total unexecuted order book as on February 2025 stood at Rs. 123.83 Cr., which is 1.80 times of the turnover of FY24, reflecting medium term revenue visibility and also the entity will execute all these orders by December 2025.

- **Improved capital structure**

The Overall Gearing ratio improved and stood at 0.68 times as on March 31, 2024, which was 0.94 times as on March 31, 2023. This improved on account of conversion of unsecured loans to quasi capital. TOL/TNW improved from 1.57 times as on March 31, 2023, to 1.01 times as on March 31, 2024, this improved due to a decline in creditors. Total Debt to GCA moderated and stood at 5.91 years in FY24 against 5.70 years in FY23. and Adjusted Tangible Net Worth



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also increased from Rs. 17.01 Cr. As on 31st March 2023 to Rs. 20.25 Cr. as on 31st March 2024.

Key Rating Weaknesses

- **Moderate scale of operations with thin profitability and weak debt protection metrics**

TOI of Nanu Ram Goyal & Co. moderated from Rs. 72.49 Crore in FY23 to Rs. 68.42 Crore in FY24. The firm witnessed a decline in its operating income due to the lesser flow of orders and lesser execution of the same. EBITDA moderated from Rs. 4.39 Crore in FY23 to Rs. 3.70 Crore in FY24. PAT also moderated from Rs. 1.95 Crore in FY23 to Rs. 1.56 Crore in FY24. Gross Cash Accrual of the firm also moderated and stood at Rs. 2.82 Crore in FY23 and Rs. 2.33 Crore in FY24. EBITDA margin, in line with the moderation in TOI, moderated from 6.06% in FY23 to 5.41% in FY24 and also due to lower margin earned on executed goods. In line with the EBITDA Margin, PAT Margin also moderated from 2.67% in FY23 to 2.26% in FY24. The debt protection indicators moderated marked by Interest Coverage Ratio of 4.89 times in FY24(FY 22: 7.22 times). DSCR moderated, it stood at 3.06 times in FY 24, as against 4.70 times in FY23.

- **Geographical concentration risk with Stiff Competition and tender based contract awarding system**

The firm pre-dominantly operates in the state of Haryana indicating geographical concentration risk where it competes with other contractors while bidding and securing orders for construction works. The presence of a tender based contract awarding system along with intense competition also restricts pricing flexibility of all players in the industry.

- **Inherent risks for being a proprietorship concern:**

Being a proprietorship concern, the entity is exposed to inherent risk of the proprietor's capital being withdrawn at any time and entity being dissolved upon the demise/retirement/insolvency of the proprietor.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Instrument/Facility wise Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The entity's liquidity is comfortable marked by 69.67% average utilisation of fund-based limits during the past 12 months ended December 2024. The unencumbered cash and bank balance stood at Rs. 0.23 crore as on March 31, 2024. Further, the entity expects sufficient cushion in cash accruals against its debt repayments. The entity is expecting GCA in the range of Rs. 2.81 Cr. - Rs. 3.40 Cr. during FY25-27 against debt repayment of Rs. 0.42 Cr.- Rs. 0.46 Cr. in FY25-27. The entity has a Current Ratio of 1.69x as on March 31, 2024, compared to 1.50x as on March 31, 2023. The Working Capital Cycle of the entity stood at 45 days in FY24 days which was 36 days in FY23.

About the Company

Nanu Ram Goyal & Co. is a Proprietorship entity which was established in 2002 and is engaged in civil construction projects precisely are engaged in the construction of high residential and commercial buildings, working exclusively on government contracts. With over two decades of experience, Nanu Ram Goyal & Co. has executed several government projects that align with government standards and regulations.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	72.49	68.42
EBITDA	4.39	3.70
PAT	1.95	1.56
Total Debt	16.07	13.78
Adjusted Tangible Net Worth	17.01	20.25
EBITDA Margin (%)	6.06	5.41
PAT Margin (%)	2.67	2.26
Overall Gearing Ratio (x)	0.94	0.68
Interest Coverage (x)	7.22	4.89

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Vide press release dated May 23, 2024, Care Ratings Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Jan 25, 2024	-	-
1.	Fund Based Limits	Long Term	7.00	IVR BB/Stable	IVR BB/Stable	-	-
2.	Non-Fund Based Limits	Short Term	38.00	IVR A4	IVR A4	-	-



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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities- Overdraft	-	-	-	-	7.00	IVR BB/Stable
Short Term Bank Facilities- Bank Guarantee	-	-	-	-	38.00	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-NanuRam-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.