Press Release
RATILAL BHAGWANDAS CONSTRUCTION COMPANY
June 12, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	20.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to **'ACUITE BBB' (read as ACUITE Triple B**f)rom **'ACUITE BBB-' (read as ACUITE Triple B Minus)**on the Rs. 20.00 crore bank facilities of Ratilal Bhagwandas Construction Company (RBCC). The Outlook is **'Stable'.**

Rationale for upgrade
The rating upgrade considers the augmentation in business risk profile of the firm backed by healthy order execution of high value projects. The rating also factors in the experienced management and established track record of operations of the firm. The rating also draws comfort from the healthy financial risk profile, adequate liquidity position and efficient working capital management. However, the rating remains constrained by the susceptibility of profitability to volatility in input prices in a tender based business, competitive & fragmented industry and capital withdrawal risk inherent in partnership firm.

About the Company

Ratilal Bhagwandas Construction Company (RBCC) established in 1993. The firm is engaged in construction and civil work of factory buildings, shed and corporate offices. The Present Partners of the firm are Mr. Nitin Karia and Mr. Anand Karia. The Registered Office of the firm is in Pune.

Unsupported Rating
Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Ratilal Bhagwandas Construction Company (RBCC) for arriving at the rating.

Key Rating Drivers

Strengths

Improvement in operating performance
The firm has recorded an improvement in operating income which stood at Rs. 264.38 Cr. in FY2024 as against Rs.180.88 crore in FY2023. The revenue of the firm has increased by ~46 per cent. The increase in turnover is due to increase in execution of orders. The firm started executing sizeable projects such as civil, mechanical and other

electrical projects which also supported the growth in turnover during FY2024. Further in FY2025 the firm has estimated the revenue of ~Rs.328.81 Cr. The firm has an unexecuted order book of Rs.233 Cr. as of March 2025 with ~ 70 per cent of residential projects (high margin) and the remaining 30 per cent is of civil construction which gives revenue visibility over the medium term.

Operating margin stood at 9.35 per cent in FY2024 as against 6.41 per cent in FY2023 as the margins of the firm varies with the different project execution. The firm undertakes ~80-90% work on sub-contract basis, however it varies on project to project. Moreover, PAT margins stood at 6.01 per cent in FY2024 as against 4.25 percent in

FY2023 as against 4.15 percent in FY2022. Further, in FY25 (Est.) the firm has reported operating margin of 9.21 per cent and net profit margin of 6.05 per cent. Acuite believes, the firm's operating performance would remain healthy over the medium term on the back of healthy order book position.

Efficient working capital management
The working capital management of the firm remained efficient marked by GCA of 99 days in FY2024 as against 106 days in FY2023. Further, in FY25 (est.) GCA days stood at 52 days. The debtor days stood at 57 days in FY2024 as against 73 days in FY2023. The average credit period allowed to customers is of 30-45 days. The creditor days stood at 114 days in FY2024 as against 162 days in FY2023. The inventory holding period of the firm stood at 28 days in FY2024 as against 30 days in FY2023.Acuite believes, the firm's working capital management would remain efficient over the medium term on account of nature of operations.

Healthy Financial Risk Profile
The financial risk profile of the firm stood healthy, marked by moderate net worth, low gearing, and healthy debt protection metrics. The tangible net worth stood at Rs.40.37 Cr. as on 31 March 2024 as against Rs.27.11 Cr. as on 31 March 2023 and Rs. 55.39 Cr. as on 31 March 2025 (est.). The total debt of the firm stood low at Rs.0.07 Cr. in FY24 that includes Rs.0.05 Cr. of long-term debt. The gearing (debt-equity) stood low at 0.03 times as on 31 March 2023 as compared to 0.08 times as on 31 March, 2022. Interest Coverage Ratio remained comfortable at 181.22 times for FY2024 as against 41.09 times for FY2023 and 418.98 times for FY2025 (est.) Debt Service Coverage Ratio (DSCR) stood at 104.22 times in FY2024 as against 27.36 times in FY2023 and220.63 times in FY2025 (est.) Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.60 times as on 31 March, 2024 as against 1.54 times as on 31 March, 2023 and 0.82 times as on 31 March, 2025 (est.) Net Cash Accruals to Total Debt (NCA/TD) stood at 248.16 times for FY2024 as against 9.69 times for FY2023 and 63.83 times for FY2025 (Est.).

Weaknesses

Susceptibility of profitability to volatility in input process amidst tender based nature of operations
The revenues of the firm are generated through tender-based orders floated by counter parties, thus the operating performance of the firm is highly dependent on the success ratio of the tenders bidded. The revenue has direct impact on successful bidding of order and competitive pricing provided to surpass competition from other players in the industry. Further, profitability would remain highly susceptible to volatility in input prices like Cement, steel, labour etc.

Competitive and fragmented industry
The firm is engaged as civil contractor. The sector is marked by the presence of several mid-to-big size players. The firm faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on minimum amount of biding of contracts. However, this risk is mitigated to an extent as management has been operating in this environment for last 2 decades.

Capital withdrawal risk associated with partnership firm
Being a partnership firm, firm is exposed to the capital withdrawal risk. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Rating Sensitivities

- Continuous improvement in scale of operations and profitability
- Changes in financial risk profile
- Deterioration in working capital cycle

Liquidity Position
Adequate

The firm's liquidity position is adequate, marked by sufficient net cash accruals. The firm generated net cash accruals of Rs.16.84 Cr. in FY2024 against Rs.0.02 Cr. debt obligations. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.21-25 Cr. over the medium term against expected matured debt obligations of Rs.0.02 Cr. during the same period. The current ratio stands at 0.85 times as on March 31, 2024. The firm doesn't have any working capital limit from bank. As and when required, the firm takes fund and non-fund-based limits against fixed deposits. Current bank guarantee outstanding as on March 2025 against is ~Rs.17-20 Cr.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	264.38	180.88
PAT	Rs. Cr.	15.90	7.68
PAT Margin	(%)	6.01	4.25
Total Debt/Tangible Net Worth	Times	0.00	0.03
PBDIT/Interest	Times	181.22	41.09

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Mar 2024	Proposed Long Term Bank Facility	Long Term	8.00	ACUITE BBB- | Stable (Reaffirmed)
	Proposed Bank Guarantee	Long Term	12.00	ACUITE BBB- | Stable (Reaffirmed)
15 Dec 2022	Proposed Long Term Bank Facility	Long Term	8.00	ACUITE BBB- | Stable (Upgraded from ACUITE BB+ | Stable)
	Proposed Bank Guarantee	Long Term	12.00	ACUITE BBB- | Stable (Upgraded from ACUITE BB+ | Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB | Stable | Upgraded (from ACUITE BBB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BBB | Stable | Upgraded (from ACUITE BBB-)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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