



**Press Release**  
**BABASAHEB BAPUSAHEB GUNJATE**  
**April 29, 2025**  
**Rating Assigned and Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.50	ACUITE BB   Stable   Assigned	-
Bank Loan Ratings	9.65	ACUITE BB   Stable   Upgraded	-
Bank Loan Ratings	22.00	-	ACUITE A4+   Assigned
Total Outstanding Quantum (Rs. Cr)	35.15	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to '**ACUITE BB**' (read as **ACUITE double Bf**) from '**ACUITE B+**' (read as **ACUITE B plus**) on Rs. 9.65 Cr. bank facilities of Babasaheb Bapusaheb Gunjate (BBG). The outlook is '**Stable**'.

Further, Acuite has assigned long-term rating of '**ACUITE BB**' (read as **ACUITE double Ba**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on Rs. 25.50 Cr. bank facilities of Babasaheb Bapusaheb Gunjate (BBG). The outlook is '**Stable**'.

The firm has provided information, leading to transition from Issuer Not Co-operating (INC since 2021) to a regular issuer.

**Rationale for Rating**

The rating takes into account consistent increase in operating performance including increase in revenues and profitability of BBG due to healthy order book position that provides revenue visibility over the medium term. The rating continues to draw comfort from long operational track record and experienced management. Furthermore, the firm's financial risk profile is moderate reflected by steady net worth, comfortable capital structure and adequate liquidity position. The rating is however constrained by working capital intensive nature of operations, high geographical concentration in order book and inherent risks in tender based and competitive construction industry.

**About the Company**

Established in 1994, Babasaheb Bapusaheb Gunjate (BBG) is a proprietorship concern engaged mainly in civil construction and various other smaller businesses like real estate development, renting properties, windmill electricity generation and job work of creating concrete mix in the state of Maharashtra. It carries out projects majorly related to the construction of roads, footpaths, railways, agriculture and others. The day-to-day operations are carried out by its proprietor, Mr. Babasaheb Gunjate who has decades of experience in infrastructure industry.

**Unsupported Rating**

Not Applicable

### **Analytical Approach**

Acuite has taken the standalone business and financial risk profile of Babasaheb Bapusaheb Gunjate to arrive at the rating.

### **Key Rating Drivers**

#### **Strengths**

## **Steady scale of operations**

BBG has achieved revenues of Rs.69.89 Cr. in FY25 (Prov.) as against Rs.52.38 crore in FY2024 and Rs. 31.37 crore in FY2023. The increase was on account of a healthy order book position. The unexecuted orders are Rs.134.71 Cr. as on March 2025. The OB/OI is 2.79 times. There are some orders for which the work is completed but the final bill is in progress.

The EBITDA margin stood at 13.58 percent in FY25 (Prov.) as against 9.13 percent in FY24 and 14.77 percent in FY23. The decrease in margin in FY24 was due to increase in manufacturing costs, which have been driven by increased subcontracting expenses for roads and higher repair and maintenance costs. The PAT margin stood at 8.92 percent in FY25 (Prov.) as against 3.47 percent in FY24 and 6.15 percent in FY23. The RoCE stood at 22.28 percent in FY25 (Prov.) as against 11.39 percent in FY24 and 12.86 percent in FY23. Acuite believes that going forward, the ability of the firm to bag new orders and timely execution of the existing orders will remain a key rating monitorable.

## **Moderate Financial Risk Profile**

The firm's financial risk profile is moderate reflected by steady net worth, improved gearing and comfortable debt protection metrics. The tangible net worth of the firm increased to Rs.18.88 crore in FY2025 (Prov.) as against Rs.13.10 crore in FY2024 and Rs.12.65 Cr. in FY2023 due to accretion to reserves. Gearing of the firm stood at 1.14 times in FY2025 (Prov.) as against 1.42 times in FY2024 and 1.21 times in FY23 on account of machine loans taken for projects. The unsecured loans stood at Rs.2.65 Cr. in FY25 Prov. as against Rs. 3.37 Cr. in FY24 and Rs.1.87 Cr. in FY23. The proprietor provides necessary financial support to the firm as needed. The interest coverage ratio of the firm stood at 5.26 times in FY25 (Prov.), and Debt Service Coverage Ratio stood at 3.44 times in FY25 (prov.). Acuite believes that the financial risk profile of the firm will remain moderate with no major capex plans, steady network and comfortable capital structure.

## **Weaknesses**

### **Intensive Working capital management**

The working capital cycle of the firm was intensive marked by Gross Current Assets (GCA) of 196 days in FY25 (Prov.) as against 216 days in FY24 and 256 days in FY23. The inventory days stood at 139 days on FY25 Prov. as against 118 days in FY24 and 115 days in FY23. Inventory days were high because raw materials are still classified as work in progress until invoices are issued. The debtor days stood at 29 days in FY25 Provisional as against 14 days in FY24 and 32 days in FY23. The creditor days stood at 401 days in FY25 Prov. as against 596 days in FY24 as and 332 days in FY23. The credit from suppliers is dependent on the payments as and when received from the government. Acuite believes that working capital requirements are expected to remain at similar levels over the medium term due to the inherent nature of business.

### **Competitive and fragmented nature of industry**

With increased focus of the central government on the infrastructure sector, BBG is expected to reap benefits over the medium term. However, most of its projects are tender-based and face intense competition, which may require it to bid aggressively to get contracts. Acuite believe that the company is susceptible to volatility in margins due to intense competition in infrastructure industry.

## **Rating Sensitivities**

Movement in revenue and profitability margins  
Working capital cycle  
timely execution of work orders

## **Liquidity Position**

### **Adequate**

The firm's liquidity position is adequate marked by net cash accruals of Rs.7.70 crore in FY25 (Prov.) as against a long-term debt repayment of Rs. 0.96 crore over the same period. Over the next 2 years, the firm will generate sufficient net cash accruals to meet its long-term debt repayments of ~Rs.1.50 Cr. annually. The current ratio stood at 1.01 times in FY25 Prov. as compared to 0.82 times in FY24 and 0.80 times in FY23. The cash and bank balances stood at Rs.0.57 Cr. in FY25 Prov. as against Rs 0.91 crore in FY24 and Rs.1.44 crore in FY23. Additionally, the fund-based limit was utilized at 87 per cent for the six months ended February 2025. Acuite believes that the firm will maintain adequate liquidity position due to net cash accruals against debt repayments, flexibility to infuse funds and no major debt funded capex plans.

## **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	69.89	52.38
PAT	Rs. Cr.	6.23	1.82
PAT Margin	(%)	8.92	3.47
Total Debt/Tangible Net Worth	Times	1.14	1.42
PBDIT/Interest	Times	5.26	3.11

**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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Mar 2024	Cash Credit	Long Term	6.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	3.65	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
13 Dec 2022	Cash Credit	Long Term	6.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	3.65	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+   Assigned
Axis Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4+   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.55	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.10	Simple	ACUITE BB   Stable   Upgraded ( from ACUITE B+ )
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.90	Simple	ACUITE BB   Stable   Assigned
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.60	Simple	ACUITE BB   Stable   Assigned

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Manvi Khaitan Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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