



**Press Release**  
**R B CONSTRUCTION COMPANY**  
**June 20, 2023**  
**Rating Reaffirmed & Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.00	ACUITE BB   Reaffirmed & Withdrawn	-
Bank Loan Ratings	33.00	-	ACUITE A4+   Reaffirmed & Withdrawn
<b>Total Outstanding Quantum (Rs. Cr)</b>	0.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	48.00	-	-

**Rating Rationale**

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs 48 Cr. bank facilities of R B Construction Company (RBCC). The rating is being withdrawn on account of the request received from the firm and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

**Rationale for the reaffirmation**

The rating is reaffirmed considering the long track record of operations, experienced management and moderate financial risk profile of the firm. However, the rating is constrained by the working capital intensive nature of operations and tender based nature of the business.

**About the Company**

Established in 1978, R B Construction Company (RBCC) is a partnership firm from Ahmedabad, Gujarat. It is engaged in infrastructure business in which firm undertakes sewage and drainage projects, sets up water treatment plants and bridges, and lays pipelines. The day to day operations are managed by its partners, Mr. Milind R Bodiwala, Mr. Pranav R Bodiwala, Mrs. Renuka R Bodiwala and Mr. Rohit G Bodiwala. It undertakes projects for entities like Bhavnagar Municipal Corporation, Gujarat Water Supply and Sewage Board and Sardar Sarovar Narmada Nigam Limited.

**Analytical Approach**

Acuite has considered the standalone view of the business and financial risk profile of RBCC to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Long track records of operations and experienced management**

RBCC commenced operations from 1978. The firm is promoted by its partners, Mr. Milind R Bodiwala, Mr. Pranav R Bodiwala, Ms. Renuka R Bodiwala and Mr. Rohit G Bodiwala who possess experience of more than four decades in infrastructures industry. The extensive experience of Mr. Rohit G Bodiwala has enabled the firm to forge healthy relationships with

customers and suppliers. Operating Income of the firm stood at Rs 57.45 Cr for FY23 (Provisional) as against Rs 60.56 crore for FY22. EBITDA Margin for FY23 (Prov) stood at 10.43%

as against FY22 at 12.95%.

Acuité believes that the firm will continue to benefit from its experienced management and established relationships with customers.

### **Moderate financial risk profile**

The financial risk profile of the firm remained moderate marked by average net worth, low gearing and comfortable debt protection metrics. The net worth stood at Rs 32.86 Cr. as on 31 March FY23 (Provisional) as against Rs 28.13 Cr same period last year. The gearing level of the company remained healthy at 0.07 times as on 31 March 2023 (Provisional) as against 0.16 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood healthy at 0.43 times in as on 31 March 2023 (Provisional) compared against 0.30 times as on 31 March 2022. The debt protection matrices of the group remain comfortable marked by Interest Coverage Ratio (ICR) of 9.12 times for FY23 (Provisional) and Debt service coverage ratio (DSCR) of 6.35 times for the same period.

### **Weaknesses**

#### **Working capital intensive nature of operations**

The operations of the firm remained working capital intensive in nature marked by GCA Days of 121 days for FY23 (Provisional) compared against 62 days for FY22. Furthermore, the receivables days stood at 21 days in FY23 (Provisional) against 27 days in FY22. The inventory days of the firm stood at 44 days for FY23 (Provisional) compared against 12 days for FY22. The creditor days stood at 78 days for FY23 (Provisional) compared against 34 days for FY2022.

#### **Tender based business along with competitive and fragmented industry**

Major business is bagged through open tenders. Hence, the revenue earned is directly dependent upon the quantum of contracts bagged and executed during the year. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. The firm has to do tendering on competitive prices; this may affect the profitability of the company.

Moreover, the infrastructure sector is marked by the presence of various mid to big size players. It might face intense competition from the other players in the sectors. Risk become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent as management operating in this industry for the last two decades.

### **Rating Sensitivities**

Substantial improvement in scale of operations while maintaining profitability margins  
Further elongation of working capital cycle leading to stretch in liquidity position

### **Material covenants**

None

### **Liquidity Position**

#### **Adequate**

The liquidity position of the firm remains adequate marked by moderate net cash accruals against no maturing debt obligations for the same period.. The firm generated net cash accruals in the range of 4-4.25 Cr during the period FY2022-FY2023. The current ratio of the firm remains above unity at 2.85 times as on 31 March 2023 (Provisional). The firm has unencumbered cash and bank balances of Rs 3.68 Cr as on 31 March 2023 (Provisional).

### **Outlook**

Not Applicable

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	57.45	60.56
PAT	Rs. Cr.	3.97	3.98
PAT Margin	(%)	6.91	6.57
Total Debt/Tangible Net Worth	Times	0.00	0.07
PBDIT/Interest	Times	9.12	3.55

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

Crisil vide its press release dated 22.07.2022 had rated the company to CRISIL B/Stable/A4; Issuer Not Cooperating.

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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. Acuité'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
08 Apr 2022	Bank Guarantee	Short Term	33.00	ACUITE A4+ ( Issuer not co-operating*)
	Proposed Bank Facility	Long Term	6.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Secured Overdraft	Long Term	9.00	ACUITE BB (Downgraded and Issuer not co-operating*)
10 Feb 2021	Proposed Bank Facility	Long Term	6.00	ACUITE BB+   Stable (Assigned)
	Bank Guarantee	Short Term	33.00	ACUITE A4+ (Assigned)
	Secured Overdraft	Long Term	9.00	ACUITE BB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Kotak Mahindra Bank	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	Simple	33.00	ACUITE A4+   Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	6.00	ACUITE BB   Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	9.00	ACUITE BB   Reaffirmed & Withdrawn

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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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