



Press Release

RB Ghodke Infrastructure Private Limited (Erstwhile R B Ghodke)

August 07, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	15.59	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	37.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	38.00	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	90.59	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) and the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 53.59 crore bank facilities of RB Ghodke Infrastructure Private Limited (erstwhile R B Ghodke) (RBGIPL). The outlook is '**Stable**'.

Further, Acuite has assigned the short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.37.00 crore bank facility of RB Ghodke Infrastructure Private Limited (erstwhile R B Ghodke) (RBGIPL).

Rationale for Reaffirmation

The rating is reaffirmed on account of RBGIPL's improvement in operating income albeit fluctuating operating profitability and moderate financial risk profile. The operating income of RBGIPL stood at Rs.120.16 Cr. in FY2024(Prov.) as against Rs.114.19 Cr. for FY2023. Despite increase in revenue in FY2024(Prov.), the operating margin of the company reduced to 16.57 percent in FY2024(Prov.) as against 20.06 percent in FY2023 on account of increase in the cost incurred by the company which is higher in the initial stages. The company has approximately generated revenue of Rs.60 Cr. till the month of July 2024. The order book of the company stands approximately at Rs.488 Cr. as on June 2024. The financial risk profile stands moderate marked by moderate net worth, low gearing and moderate debt protection metrics. Going forward, ability of the company to scale up its operations backed by timely execution of its orderbook while maintaining its profitability margins and capital structure will remain a key rating monitorable.

About the Company

R. B. Ghodke (RBG), established in 1986 is a Maharashtra-based firm promoted by Mr.

Ramprasad Ghodke and has recently been reconstituted as a private limited company namely RB Ghodke Infrastructure Private Limited (RBGIPL). The company undertakes civil construction contracts for the Maharashtra government for construction of canals, dams and barrages.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of RBGIPL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

RBGIPL has been executing civil construction contracts in Maharashtra for more than three decades. The company is led by the Chairman, Mr. Ramprasad Ghodke who holds around three decades of experience in the civil construction industry. RBGIPL is engaged in providing different types of civil construction in segments such as commercial structures, industrial buildings, roads, bridges, water and drainage projects, dams under government and semi government entities.

Acuité believes that the company will continue to benefit through the promoter's extensive industry experience over the medium term.

Moderate Financial Risk Profile

The financial risk profile of the company stood moderate marked by moderate net worth, low gearing and moderate debt protection metrics. The tangible net worth stood at Rs.70.86 Cr. as on 31 March 2024(Prov.) as against Rs.63.75 Cr. as on 31 March, 2023. The total debt of the company for FY2024(Prov.) stood at Rs.22.09 Cr. which includes Rs.10.04 Cr. of long-term debt, Rs.6.07 Cr. of short term debt. The gearing (debt-equity) stood low at 0.31 times as on 31 March 2024(Prov.) as against 0.51 times as on 31 March, 2023. Interest Coverage Ratio stood at 5.57 times for FY2024(Prov.) as against 8.02 times for FY2023. Debt Service Coverage Ratio (DSCR) stood at 1.33 times in FY2024(Prov.) as against 1.43 times in FY2023. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 0.42 times as on 31 March, 2024(Prov.) as against 0.63 times as on 31 March, 2023. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.63 times for FY2024(Prov.) as against 0.53 times for FY2023.

Efficient Working Capital Management:

The working capital operations of RBGIPL are efficient marked by its Gross Current Assets (GCA) of 76 days for FY2024(Prov.) as against 71 days for FY2023. The debtor cycle is seen improving which stood at 7 days in FY2024(Prov.) as against 9 days in FY2023 since the funds have been released on time. Also, the majority of debtors for the company is in the form of retention money from the government which is received within 12 months of issuance of invoice. On the other hand, inventory cycle stood at 35 days in FY2024(Prov.) as against 53 days in FY2023. Further, creditors cycle is low as company majorly opts for advance payment to avail cash discount from the suppliers for orders where high value raw material is required, specifically in case of concrete road projects. Other than that, the company goes for credit from suppliers with components like cement and diesel.

Weaknesses

High dependence on government orders, however mitigated by established relations and efficient liasioning with government authorities

RBGIPL does civil construction work mainly for Maharashtra Government and indicates that the firm's revenues are highly dependent on number and value of tenders floated by State Government. Moreover, any further delays in the project execution of current projects along with the delayed receipt from government and site related issues are likely to result in higher working capital requirements. However, this risk is mitigated, as RBGIPL has established relations with State Government departments which resulted in timely realizations and winning of tenders at regular intervals.

Rating Sensitivities

- Ability to scale up operations backed by an increase in the number of orders with timely execution without any significant delays.
- Ability to maintain working capital cycle.

Liquidity Position

Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals against

its maturing debt obligations. The company's net cash accruals stood at Rs.13.96 Cr. in FY2024(Prov.) maturing debt obligations of Rs.9.65 Cr. in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.27-34 Cr. against the maturing repayment obligations in the range of Rs.5-6 Cr. over the medium term. The working capital management of the company is moderate marked by GCA days of 76 days in FY2024(Prov.) as against 71 days in FY2023. The company maintains unencumbered cash and bank balances of Rs.3.56 Cr. as on March 31, 2024 (Prov.). The current ratio stands at 2.57 times as on March 31, 2024(Prov.) as against 1.59 times as on March 31, 2023. Average bank limit utilization for fund-based limits stood at ~ 75 percent and for non-fund-based limits stood around ~51 percent for the last 08 months ended May 2024.

Outlook: Stable

Acuité believes that RBGIPL will maintain a 'Stable' outlook and continue to benefit over the medium term from its experienced management and healthy relations with reputed clientele. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while improving its profitability, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of any further stretch in its working capital management, leading to further deterioration of its financial risk profile and liquidity.

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	120.16	114.19
PAT	Rs. Cr.	7.11	9.17
PAT Margin	(%)	5.92	8.03
Total Debt/Tangible Net Worth	Times	0.31	0.51
PBDIT/Interest	Times	5.57	8.02

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

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, Acuite 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
27 Nov 2023	Bank Guarantee/Letter of Guarantee	Short Term	35.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	3.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	0.48	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	0.54	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.57	ACUITE BBB Stable (Reaffirmed)
29 Aug 2022	Cash Credit	Long Term	12.00	ACUITE BBB Negative (Reaffirmed)
	Working Capital Term Loan	Long Term	2.19	ACUITE BBB Negative (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	0.54	ACUITE BBB Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.86	ACUITE BBB Negative (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	35.00	ACUITE A3+ (Reaffirmed)
	Proposed Bank Guarantee	Short Term	3.00	ACUITE A3+ (Reaffirmed)
02 Jul 2021	Working Capital Term Loan	Long Term	2.39	ACUITE BBB Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	1.20	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	38.00	ACUITE A3+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	3.00	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.00	ACUITE A3+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	37.00	ACUITE A3+ Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.93	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.54	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Mar 2028	Simple	0.12	ACUITE BBB Stable Reaffirmed

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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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