



**Press Release**  
**R A Ghule**  
**December 14, 2023**  
**Rating Reaffirmed & Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.00	ACUITE B+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	44.22	-	ACUITE A4   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	56.22	-	-

**Rating Rationale**

Acuité has reaffirmed and withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.56.22 crore bank facilities of R A GHULE. The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the firm, and the NOC received from the banker.

**Rationale for the reaffirmation**

The rating reaffirmation takes into account the experienced management, the firm's long track record of operation in the industry and moderate financial risk profile. These strengths are however, offset by the working capital-intensive in nature of operations.

**About the Company**

Incorporated in 1995, R A Ghule is a Palghar based firm and is engaged in the construction of water supply pipes. The sole proprietor of the firm is Mr. Rajabhau A. Ghule.

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of R A GHULE to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Experienced management**

R A Ghule was incorporated in 1995 reflecting the established track record of operations of more than two and a half decades in the construction of water supply pipes business. The sole proprietor of the firm is Mr. Rajaram Ghule. The extensive experience of the proprietor has helped the firm to establish long and healthy relationships with its customers and suppliers over the years.

**Moderate financial risk profile**

The financial risk profile of the firm stood moderate marked by moderate net worth, high gearing and moderate debt protection metrics. The tangible net worth stood at Rs.25.77 crore as on FY2023 as against Rs.16.57 crore as on FY2022. The increase in the net worth is due to the accretion of profits in reserves. The total debt of the firm stood at Rs.63.05 crore which

includes Rs.29.46 crore of long-term debt, Rs.33.59 crore of unsecured loans as on FY2023. The gearing (debt-equity) stood high at 2.45 times as on FY2023 as compared to 2.76 times as on

FY2022. Interest Coverage Ratio stood at 3.67 times for FY2023 as against 2.90 times for FY2022. Debt Service Coverage Ratio (DSCR) stood at 3.61 times in FY2023 as against 2.73 times in FY2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 3.85 times as on FY2023 as against 6.47 times on FY2022.

### **Weaknesses**

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

The working capital-intensive nature of operations of the company is marked by high Gross Current Asset days (GCA) of 97 as on FY2023 as compared to 181 days of FY2022 due to significantly high other current asset which consists of other deposit, advances to suppliers etc. However, the debtor days stood comfortable at 13 days as on FY2023 as compared to 30 days as on FY2022. The inventory period stood relatively low at 11 days as on FY2023 as compared to 04 days FY2022 respectively.

### **Rating Sensitivities**

Not Applicable

### **All Covenants**

Not Applicable

### **Liquidity Position**

#### **Adequate**

The firm's liquidity position is adequate marked by net cash accruals of Rs.16.18 Cr as on FY2023 as against repayment obligations of Rs. 1.60 Cr during the same period. The current ratio stood at 1.76 times in FY2023, as compared to 0.92 times in FY2022. The cash and bank balances stood at Rs. 0.64 Cr. FY2023.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	240.30	113.86
PAT	Rs. Cr.	14.18	5.26
PAT Margin	(%)	5.90	4.62
Total Debt/Tangible Net Worth	Times	2.45	2.76
PBDIT/Interest	Times	3.67	2.90

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

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Sep 2022	Term Loan	Long Term	5.00	ACUITE B+   Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE B+   Stable (Assigned)
	Bank Guarantee	Short Term	44.22	ACUITE A4 (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Abhyudaya Cooperative Bank	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	44.22	ACUITE A4   Reaffirmed & Withdrawn
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	7.00	ACUITE B+   Reaffirmed & Withdrawn
Abhyudaya Cooperative Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	5.00	ACUITE B+   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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