



**Press Release**  
**Ganadhipati Construction Private Limited**  
**November 29, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.25	ACUITE BBB-   Stable   Reaffirmed	-
Bank Loan Ratings	43.75	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	47.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating at ‘**ACUITE BBB-**’ (read as **ACUITE triple B minusa**) and the short-term rating at ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs. 47.00 crore bank facilities of Ganadhipati Construction Private Limited. The outlook is ‘**Stable**’.

**Rationale for reaffirmation**

The rating factors the improvement in the company’s scale of operations, marked by an operating income of Rs.100.80 Cr. in FY2024 as against Rs.108.53 Cr. in FY2023. Further, the year-to-date revenue stood at Rs.17.48 crores in last seven months ended October, 2024. The EBITDA margin and PAT margin of the company stood at 21.59 per cent and 18.75 per cent respectively in FY2024. The rating also factors in the experienced management in civil construction business. Additionally, the financial risk profile of the company remained comfortable marked by gearing at 0.16 times as on March 31, 2024, coverage indicators reflected by interest coverage ratio and debt service coverage ratio which stood at 15.56 times and 3.96 times respectively as on 31st March 2024, adequate liquidity position marked by low utilization of fund-based as well as non-fund based limits and moderate order book position with unexecuted orders in hand of Rs.301.00 Crore as on 30<sup>th</sup> September, 2024. However, the above mentioned strengths are partly off-set by risk related to tender based nature of business, volatility in raw material prices, customer concentration risk and intense competition in the civil construction industry.

**About the Company**

Ganadhipati Construction Private Limited (GCPL) incorporated in 1998. The Company is engaged in civil construction activities related to water supply for government bodies. Mr. Janardan Prasad, Mrs. Leelawati Prasad and Ms. Preeti Kumari are directors of the company. The registered office of the company is in Patna.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Ganadhipati Construction Private Limited.

**Key Rating Drivers**

## **Strengths**

### **Experienced Management and long track record of operation**

Ganadhipati Construction Private Limited a Patna (Bihar) based company was incorporated on 13th August 1998 and started operation in 2018. The management of the company has more than three decades of experience in the same line of business through his proprietorship company JP Enterprises. The long standing track record of the management has enabled the company to leverage upon the relationship built with the government departments and suppliers which resulted into a healthy order book position of the company.

## Comfortable Financial Risk Profile

The financial risk profile of the company is comfortable marked by net-worth of Rs.92.26 Crore as on 31st March 2024 as against Rs.71.37 Crore as on 31st March 2023. The increase in the net-worth is on an account of accretion of profits into reserves. Further, the total debt of the company stood at Rs.15.05 Crore as on 31st March 2024 as against Rs.10.80 Crore as on 31st March 2023. The capital structure of the company is comfortable marked by gearing ratio of the company which stood at 0.16 times as on 31st March 2024 as against 0.15 times as on 31st March 2023. Further, the coverage indicators of the company are reflected by interest coverage ratio and debt service coverage ratio which stood at 15.56 times and 3.96 times respectively as on 31st March 2024 as against 19.90 times and 6.95 times respectively as on 31st March 2023. The TOL/TNW ratio of the company stood at 0.60 times as on 31st March 2024 as against 0.39 times as on 31st March 2023 and DEBT-EBITDA of the company stood at 0.60 times as on 31st March 2024 as against 0.34 times as on 31st March 2023. Acuité believes that going forward the financial risk profile of the company will remain comfortable with no major debt funded capex plans.

## Sound Business Risk Profile and Moderate Orderbook position

The scale of operations of the company marked by an operating income stood at Rs.100.80 Cr. in FY2024 as against Rs.108.53 Cr. in FY2023. The EBITDA margin of the company stood at 21.59 per cent in FY2024 as against 26.81 per cent in FY2023 and the PAT margin of the company stood at 18.75 per cent in FY2024 as against 22.45 per cent in FY2023. Though the company's profitability is exposed to volatility in raw material, it has an in-built price escalation clause for major raw materials in most of its contracts. The stability in revenue is backed by an unexecuted moderate order book position to the tune of about Rs.301.00 Crore (2.98x of revenue of the company in FY2024) as on 30<sup>th</sup> September, 2024. The orders are for civil construction activities related to water supply in Bihar and adjacent states from reputed clientele like BUIDCO, UP Jal Nigam and others. All its projects are on the direct tendering basis. Acuité believes that the company will continue to sustain its order book position and maintain its business risk profile over the medium term. However, the ability of the company to bag new orders and timely execution of the existing orders will remain a key rating monitorable.

## Weaknesses

### Competitive and fragmented industry with tender based operations

GCPL is engaged as an EPC contractor for water supply infrastructure projects. The company faces intense competition from the presence of several mid to large sized players in the said industry. The risk becomes more pronounced as tendering is based on minimum amount of bidding on contracts. However, in face of such competitive pressures, Acuité believes that GCPL is well positioned on account of moderate orderbook, its longstanding relationship with the government department in the industry and the long track-record and experience of its promoters spanning nearing three decades.

### Moderately Intensive Working Capital operations

The working capital operations of the company is moderately intensive marked by GCA days which stood at 165 days as on 31st March 2024 as against 68 days as on 31<sup>st</sup> March 2023. The debtor days of the company stood at 69 days as on 31st March 2024 as against 2 days as on 31st March 2023 and creditor days stood at 316 days as on 31st March 2024 as against 97 days as on 31st March 2023. The moderation in working capital operations of the company is on an account of delay in realization of debtors. The stretched debtor days impacted the creditor days simultaneously, which are expected to be recovered in near term thereby improving its working capital cycle going forward. Further, the inventory holding stood at 20 days as on 31<sup>st</sup> March 2024 as against 3 days as on 31<sup>st</sup> March 2023. The EPC business retains a naturally elevated working capital intensity, attributed to prolonged project execution timelines, payments tied to project milestones, and the release of retention money. The company focuses on easy mobilisation of its resources, thereby improving the turnaround time and reducing the idleness of machinery and equipment. Acuité believes that the working capital operations of the company may improve in near to medium term.

## Rating Sensitivities

- Movement in topline of the company while maintaining profitability position.
- Working capital cycle.
- Timely execution of projects in hand.

## Liquidity Position

### Adequate

The liquidity profile of the company is adequate supported by adequate cash accrual, unutilised bank lines, and adequate cash and cash equivalents. The company has generated net cash accruals of Rs.19.58 Crore as on 31<sup>st</sup> March 2024 as against the debt repayment obligation of Rs.3.74 Crore over the same period. Going forward, the company is expected to generate net cash accruals under the same range against debt repayment obligations up to

2.13 Crore over the same period. The current ratio of the company stood at 1.54 times as on 31st March 2024 against 2.79 times as on 31st March 2023. The cash and cash equivalents available with the company stood at Rs.25.92 Crore as on 31st March 2024. Further, there is a lower dependence on the external borrowings wherein the average fund based bank limit utilization of the company stood at 23.64% approximately in last six months ended September 2024 and average non-fund based bank limit utilization stood at 51.27% in last six months ended September 2024. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	100.80	108.53
PAT	Rs. Cr.	18.90	24.36
PAT Margin	(%)	18.75	22.45
Total Debt/Tangible Net Worth	Times	0.16	0.15
PBDIT/Interest	Times	15.56	19.90

**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, 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
05 Sep 2023	Bank Guarantee/Letter of Guarantee	Short Term	40.00	ACUITE A3 (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	3.75	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	2.00	ACUITE BBB-   Stable (Assigned)
	Secured Overdraft	Long Term	1.25	ACUITE BBB-   Stable (Assigned)

## 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/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A3   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.75	Simple	ACUITE A3   Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Stable   Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.25	Simple	ACUITE BBB-   Stable   Reaffirmed

## Contacts

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

### 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.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.