



Press Release

RBM Infracon Limited (RBML)

March 14, 2024

Ratings

Facilities	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	8.95	IVR BBB-/Stable (IVR Triple B minus plus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities – Bill Discounting Facility	12.00	IVR A3 (IVR A three)	Assigned	Simple
Short Term Bank Facilities – Bank Guarantee	4.25	IVR A3 (IVR A three)	Assigned	Simple
Total	25.20 (Rupees Twenty-Five Crore and Twenty Lakh)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of RBM Infracon Limited (RBML) derive strength from its healthy order book, reputed client base, comfortable capital structure and debt protection metrics. The rating is however constrained on account of concentration of order book, low scale of operations and execution risk.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and profitability leading to improvement in cash accrual and debt protection metrics.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.



Press Release

- Delays in execution of orders and realization of receivables, weakening liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Strong order book leading to strong revenue visibility:

RBMIL has strong order book of Rs.1,267.12 crore (16.04x of FY23 revenue), provides strong revenue visibility. Out of the total order book of Rs.1,267.12 crore out of which 75% of the order book is from Epitome Industries Limited. Epitome Industries is a part of B.N. Agritech Limited (IVR BBB+/Stable). As per management, Epitome has already tied up for funding for their project and project execution is as per scheduled COD.

Strong operating profile, albeit low scale of operations; likely to improve with strong order book:

RBMILs revenue has increased by 75% on y-o-y basis to Rs.83.19 crore with strong execution orders. As per 9MFY24, unaudited numbers, RBMIL has already achieved revenue of Rs.72.44 crore. However, EBITDA margins have declined during FY23 to 5.12% as compared to 7.12% in FY22 as company has invested in manpower with for execution of orders. EBITDA margins have rebounded during FY24 and at 14.34% for 9MFY24.

Regular equity infusion to support the growth:

RBMIL has raised Rs.8.37 crore during December 2022, through an IPO, RBMIL is further raising Rs.84.61 crore during FY24 & FY25 by diluting 10% of the stake, this fund raising is basically to meet the requirements for Epitome Project. RBMIL has received Rs 69.26 crores as on February 14, 2024. The remaining Rs. 15.35 crore is expected to be received during FY25.

Reputed client profile, leading to low counterparty risk:

RBMIL has a long-term relationship with reputed clients for construction and maintenance projects, the current client base that the company caters includes Reliance Industries Limited, Nayara Energy Limited, Adani Solar, Yara Fertilizers, Malco Energy Limited, etc. Most of these



Press Release

clients are industry leaders with stable business and strong credit profile which lower counterparty risk for RBMIL.

Comfortable capital structure and debt protection metrics:

Overall indebtedness of the company marked by TOL/TNW and Overall Gearing has improved and stood at 1.40x and 0.47x as on FY23 as against 1.72x and 0.65x as on FY22 respectively. The interest coverage ratio stood at 5.07x in FY23 compared to 6.29x in FY22 mainly due to slight increase in interest cost. The debt coverage indicators as depicted by Total Debt/EBITDA improved at 1.73x in FY23 (2.51x in FY22).

Key Rating Weaknesses

Execution Risk:

The company's ability to raise resources and complete the order book as per the pre decide schedule will determine timely billing and revenue recognition for RBMIL. Any delay in execution on company's part will not only hamper its operating performance but also impact its long-term client relationships and image in the market. Execution risks for newly awarded projects in a timely manner will be key to achieving growth in revenues and profits.

Presence in a highly competitive industry:

The domestic infrastructure/construction sector is highly fragmented with presence of many players with varied statures & capabilities. While the competition is perceived to be healthy, significant price cut by few players during the bidding process is a matter of concern for RBMIL to maintain its sustainability and margins.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Infrastructure Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

Liquidity – Adequate



Press Release

The company had gross cash accruals of Rs. 2.97 Crores in FY23. The overall average utilisation of the Cash Credit facilities remains at ~90% during the last 12 months ended January 2024. The current ratio stood at 1.70x and the cash and cash equivalent amounted to Rs. 19 lakhs as on 31st March 2023. The company has an adequate liquidity profile with absence of any long-term repayment obligations.

About the Company

RBM Infracon Limited (RBMIL) was initially formed as a private limited concern in 1992. Later, in 2013, it was reconstituted as a public limited company. RBMIL is an ISO 9001:2015 accredited Company and it is a specialist contractor for Construction, Maintenance and Turnaround services to Oil & Gas Refineries, Petrochemicals, Fertilizers, Gas Cracker Plants Coal/Gas/WHR based Power Plants, Chemicals, Cement, Fertilizers, Sugar Plants, Paper Plants, Irrigation and other allied sectors.

Financials (Standalone)*:

	(Rs. Crore)	
For the year ended / As on	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	47.54	83.19
EBITDA	3.39	4.69
PAT	2.03	2.21
Total Debt	8.51	8.11
Tangible Net worth	9.17	17.18
EBITDA Margin (%)	7.12	5.64
PAT Margin (%)	4.26	2.66
Overall Gearing Ratio (times)	0.65	0.47

**Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: Nil.

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Bank Facilities – Cash Credit	Long Term	8.95	IVR BBB-/Stable	–	–	–
2.	Short Term Bank Facilities – Bill Discounting Facility	Short Term	12.00	IVR A3	–	–	–
3.	Short Term Bank Facilities – Bank Guarantee	Short Term	4.25	IVR A3	–	–	–

Name and Contact Details of the Rating Analyst:

Name: Mr. Amey Joshi
Tel: (022) 62396023
Email: amey.joshi@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities.



Press Release

The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Cash Credit	–	–	–	8.95	IVR BBB-/Stable
Short Term Bank Facilities – Bill Discounting Facility	–	–	–	12.00	IVR A3
Short Term Bank Facilities – Bank Guarantee	–	–	–	4.25	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Len-RBM-Infracon-14032024.pdf>



Press Release

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

