



Press Release

RMC Switchgears Limited

July 02, 2025

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	50.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	90.75	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	140.75 (INR One Hundred and Forty Crore and Seventy- Five Lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of RMC Switchgears Limited (RMCSL) continue to derive comfort from the long operational track record of the company under experienced promoter along with satisfactory orderbook position indicating a short to medium term revenue visibility with reputed clientele. Further, the ratings also note improvement in business performance of the company in FY25 [FY refers to the period from April 01 to March 31] coupled with satisfactory financial risk profile. However, these rating strengths are constrained by working capital intensive nature of RMCSL's operation, exposure to project risk, tender driven nature of business coupled with susceptibility of profitability to volatility in raw material prices and exposure to high client concentration risk. The stable outlook reflects expected stable business performance of the company in the near term marked by timely execution of orders coupled with extensive industry experience and resourceful promoters.

Key Rating Sensitivities:



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Upward factors

- Growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Reduction in client concentration
- Improvement in the capital structure with improvement in TOL/TNW to below 1x
- Improvement in operating cycle leading to improvement in liquidity

Downward Factors

- Moderation in operating income and/or profitability impacting the debt protection metrics on a sustained basis
- Any unplanned capex and/or substantial increase in working capital leading to impairment in capital structure with overall gearing ratio moderated to over 2x and/or moderation in interest coverage to below 3.5x
- Moderation in the operating cycle to over 120 days leading to stretch in liquidity
- Delay in completion of ongoing capex resulting to cost overrun.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Long operational track record of the company under experienced promoters

The promoters of the company have long-standing experience of nearly three decades in the electrical goods manufacturing industry. The promoters are well supported by a team of experienced personnel. Over the past couple of years, besides the improvement in scale of operation, the company has strengthened its market presence by successful and timely execution of multiple orders. Earlier in FY24, to diversify and enhance the product offering, RMCSL had inaugurated two subsidiaries with a majority of 51% stake called Intelligent Hydel Solutions Private Limited, marking its foray into India's Water IoT Solutions sector and RMC Green Energy Private to expand its footprint in the renewable energy sector. In FY25, RMCSL has incorporated two more subsidiaries, namely RMC Solar Park Private Limited and RMC Solar One Private Limited for rolling out solar EPC projects.

Satisfactory orderbook with reputed clientele base

Apart from private entities, RMCSL bids for tenders of various government DISCOM's. As on June 1, 2025, the company has an unexecuted order book of ~Rs.1035.47 crore which is ~3.25 times its FY25 revenue. Of the outstanding orderbook, the orders amounting to



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~Rs.545.84 crore is outstanding from Maharashtra State Electricity Distribution Company Limited. Most of the contracts are backed by an escalation clause and are expected to be executed in the coming 12-16 months and few orders also have operation and maintenance contact ranging from 3 to 25 years reflecting satisfactory revenue visibility.

Improvement in business performance in FY25

Driven by the strengthening of market presence coupled with enhanced product offerings in smart metering solutions as an outcome of India's Revamped Distribution Sector Scheme (RDSS), which aims to enhance the efficiencies and financial sustainability of DISCOMs through advanced technologies, RMCSL has witnessed steady growth in its topline over the past couple of years. Further, on the back of higher execution of EPC work contracts in the solar module division in FY25, the company has reported y-o-y growth of ~84% in its topline as the total operating income has improved to Rs. 318.16 in FY25 from Rs.172.63 crore in FY24. On the back of improved topline, the absolute EBITDA has also improved and stood at Rs.53.23 crore in FY25 as compared to Rs.34.11 crore in FY24. However, owing to higher raw material and fixed overhead cost, the operating margin of the company has moderated to 16.73% in FY25 against 19.76% in FY24. Despite the increase in finance cost and depreciation, backed by higher non-operating income in the form of profit of sale of asset and interest income, the PAT margin of the company has improved and stood comfortable at 9.85% in FY25 against 8.58% in FY24. Aided by improvement in PAT, net cash accrual has also increased and stood satisfactory at Rs.34.64 crore in FY25 which was sufficient to meet its schedule debt repayment obligation of Rs.4.20 crore.

Satisfactory financial risk profile

The capital structure of the company remained satisfactory over the past three account closing dates. The debt profile of the company majorly consists of Term loans, GECL loans, inter-corporate loans, unsecured loans from promoters and working capital borrowings. To support the growing business RMCSL has availed additional working capital resulting in an elevated debt level which stood at Rs.58.65 crore as on March 31, 2025. However, supported by steady accretion of profit to reserve, long term debt to equity and overall gearing of the company has improved and stood comfortable at 0.20x and 0.55x respectively as on March 31, 2025. Overall indebtedness marked by TOL/ATNW also stood satisfactory at 1.53x as on March 31, 2025. However, considering the ongoing debt capex in RMC Green Energy Private Limited for setting up of manufacturing unit of N-Type PV Solar Modules



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along with the tentative capex and expected incremental working capital borrowings in RMCSL's other subsidiaries, the capital structure of the company is expected to moderate in the near term. Notwithstanding the increase in finance cost in FY25, backed by improved absolute EBITDA, debt protection metrics marked by interest coverage ratio has improved and stood comfortable at 6.10x in FY25. Other debt protection parameters like total debt to EBITDA and total debt to NCA also stood satisfactory at 1.10x and 0.62 years respectively as on March 31, 2025.

Key Rating Weaknesses:

Tender driven nature of business

RMC's business is dependent on the company's ability to successfully bid for the tenders. Further, the domestic electrical sector is fragmented with presence of many players with varied statures & capabilities. This restricts RMC's operating and financial flexibility.

Exposure to client concentration risk

The top five customers of RMCSL attributing ~83% of total sales suggest high client concentration of risk. Out of the top five customers, Maharashtra State Electricity Dist. Co. Ltd. contributed ~55% of revenue in FY25. Any delay in execution of pending orders might create liquidity crunch and hamper the company's credibility as well.

Susceptibility of profitability to volatility in raw material prices

Raw material costs constitute about 80%-90% of total cost of production for RMCSL with the primary raw materials being copper, steel, polymer, brass etc. Since all these commodities are linked to global prices, the company is exposed to fluctuations in the same which could impact profitability if the company is unable to pass on the same to its customers.

Exposure to project risk

RMC Green Energy Private Limited, incorporated on 15th July 2024 and one of the subsidiaries of RMCSL, is executing a project of setting up a manufacturing unit for producing high-quality N-type PV solar module, an advanced technology used in photovoltaic (PV) modules that offer enhanced efficiency, better performance, and improved durability compared to the traditional P-type solar cells. The estimated project cost is Rs.80.20 crore which would be funded with a mix of external borrowing of Rs.47.00 crore, unsecured loan of Rs.15.70 crore and equity investments of Rs. 17.50 crore. The expected SCOD of the manufacturing unit is October 2025. Financial closure is yet to be achieved though the discussions with the bank are in advance stage. As on date, cost of ~Rs.18-19



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crore has been incurred for the project. The funding is made from investment made by RMCSL to RMC Green Energy Private Limited to the tune of Rs.9.00 crore and rest from internal accrual. In addition, to execute the outstanding orderbook, the SPV's are likely to take project finance loans with incremental working capital borrowings which would reflect in the consolidated financials of RMC Switchgears Limited.

Working capital intensive nature of operation

Operation of RMCSL is highly working capital intensive marked by its elongated receivables cycle due to long credit period availed by Government organizations. Further, the government clients withhold a sizeable amount which is released post supply and installation of meters. This creates further pressure on the working capital of the company. Accordingly, the average working capital utilisation remained high at ~more than 90% during the past 12 months ended June 2025 indicating a moderate liquidity cushion.

Analytical Approach: Consolidated

For arriving the rating Infomerics Ratings has taken consolidated financials of RMCSL as the company has four wholly owned subsidiaries namely Intelligent Hydel Solutions Private Limited, RMC Green Energy Private Limited, RMC Solar Park Private Limited and RMC Solar One Private Limited controlled by the same management with operational and financial linkage. List of companies considered for consolidated analysis is given under **Annexure 4**.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria of assigning Rating Outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

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

[Criteria of Consolidation of Companies](#)

[Criteria on Complexity](#)

Liquidity: Adequate

The liquidity position of the company is expected to remain adequate marked by its expected satisfactory adequate net cash accruals to meet its scheduled debt repayment obligation during FY26-FY28. In FY25, RMCSL's net cash accrual stood at ~Rs.34.64 crore against its debt repayment obligation of Rs.4.20 crore. The company also has satisfactory gearing



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headroom on the back of its satisfactory capital structure, supported by a comfortable current ratio of 1.52x as on March 31, 2025. The liquidity position of the company is restricted due to its working capital-intensive nature of operation mainly due to its elongated average collection period as the average working capital utilization of the company remained high at more than 90% for the past twelve months ended June 2025. Further, any unplanned capex or stretch in collection period may impact the liquidity position of the company to some extent.

About the Company

Rajasthan based RMC Switchgears Limited (RMCSL) promoted by Mr. Ashoke Agarwal was originally established as a private limited company named RFH Metal Casting Private Limited back in 1994. Later In 2008, it became a public company and rechristened as RFH Metal Casting Limited. In 2016, the name of the company was changed to RMC Switchgears Ltd and was listed on BSE SME platform in 2017. Presently, the company is engaged in the business of manufacturing and designing of smart meters, LT/HT distribution boxes and Panels, junction boxes, feeder pillars, circuit protection switchgears, and it also undertakes EPC contracts involving laying of energy transmission lines and establishing electric substation. The manufacturing facilities of the company are located at Badodiya Village, under Chaksu Tehsil. To diversify its scope of operation, RMCSL over the past two years has formed four subsidiaries, namely, Intelligent Hydel Solutions Private Limited, RMC Green Energy Private Limited, RMC Solar Park Private Limited and RMC Solar One Private Limited.

Financials of RMC Switchgears Limited (Consolidated):

For the year ended* / As On	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	172.63	318.16
EBITDA	34.11	53.23
PAT	14.89	31.46
Total Debt	49.93	58.65
Tangible Net worth	60.37	107.10
Tangible Net worth (Adjusted)	59.39	106.12
EBITDA Margin (%)	19.76	16.73
PAT Margin (%)	8.58	9.85
Overall Gearing Ratio (x) (Adjusted)	0.84	0.55



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Interest Coverage	3.95	6.10
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**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Care Edge Ratings has maintained the ratings of RMCSL in the INC category as the entity continued to be non-cooperative despite repeated requests for submission of information vide press release dated Sep 06, 2024. Brickwork Ratings has maintained the ratings of RMCSL in the INC category vide press release dated May 29, 2025, as the entity continued to be non-cooperative.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Jan 15, 2025	Aug 14, 2024	Feb 19, 2024	Dec 07, 2023
1.	Cash Credit/ODBD	LT	50.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR B+/ Negative INC (Withdrawn)	IVR B+/ Negative INC*
2.	Bank Guarantee	ST	90.00	IVR A3	IVR A3	IVR A3	IVR BBB/ Stable	IVR A4/, INC* (Withdrawn)
3	Bank Guarantee (Proposed)	ST	0.75	IVR A3	IVR A3	IVR A3	IVR A4/, INC (Withdrawn)	IVR A4/, INC*
4.	Cash Credit (Proposed)	LT	-	-	-	IVR BBB-/ Stable	-	-
5.	ECLGS	LT	--	-	-	-	IVR B+/ Negative INC (Withdrawn)	IVR B+/ Negative INC*
6.	Term Loan	LT	-	-	-	-	IVR B+/ Negative INC (Withdrawn)	IVR B+/ Negative INC*
7.	Bill Discounting	ST	-	-	-	-	IVR A4/, INC (Withdrawn)	IVR A4/, INC*

** Issuer Not Cooperating based on best available information*



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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [formerly Infomerics Valuation and Rating Private Limited] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by indepth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please 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.



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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits- Cash Credit/ODBD	-	-	-	50.00	IVR BBB-/ Stable
Short Term Non-Fund Based Limits- Bank Guarantee	-	-	-	90.00	IVR A3
Short Term Non-Fund Based Limits- Bank Guarantee (Proposed)	-	-	-	0.75	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-RMC-Switchgears-2july25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Not Applicable

Annexure 4: List of companies considered for consolidated analysis:

Name of the Company	Extent of Consolidation
RMC Switchgears Limited	Full Consolidation
Intelligent Hydel Solutions Private Limited	Full Consolidation
RMC Green Energy Private Limited	Full Consolidation
RMC Solar Park Private Limited	Full Consolidation
RMC Solar One Private Limited	Full Consolidation

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