



## Press Release

### CBM Industrie Private Limited

May 11, 2022

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long Term Bank Facilities	12.86	IVR BB/ Stable (IVR double B with Stable outlook)	Assigned	Simple
Short Term Bank Facilities (Includes proposed facility of Rs. 4.14 crore)	17.14	IVR A4 (IVR A four)	Assigned	Simple
<b>Total</b>	<b>30.00 (INR Thirty crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of CBM Industrie Private Limited (CIPL) derives strength from extensive experience of the promoters, its reputed client profile leading to low counterparty risk and a conservative capital structure. The ratings are, however, constrained by a decline in the topline and profits during FY2020 and FY2021; nevertheless, some improvement was witnessed during the FY2022, thin profit margins, susceptibility to volatile raw material prices and a high working capital intensive nature of operations.

#### Key Rating Sensitivities:

##### Upward Factors

- Significant improvement in the scale of operations along with maintaining its profitability, leading to healthy cash accruals on a sustained basis.
- Addition of new orders and timely execution of the same

##### Downward Factors

- Delay in order execution leads to a significant decline in its revenue and/or profitability thereby adversely impacting the financial risk profile of the company



## Press Release

- Any significant rise in the working capital intensity and/ or unplanned debt-funded capex leading to a deterioration in the liquidity position.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters**

Both the directors of the company, Mr. Ravinder Nath Hassija and Mr. Dharam Vir Hassija have long experience and have established themselves in the industry. The promoters have a strong understanding of local market dynamics. Long experience of promoters strengthen the operational risk profile of the company.

- **Reputed client profile leading to low counterparty risk**

The promoters of the company have experience of over four decades which have helped to forge healthy relations with diverse clientele, including the Public Works Department, Hindustan Petroleum Corporation Ltd., Indian Oil Corporation Ltd. the New Delhi Municipal Corporation, Reliance BP Mobility Ltd. etc. Since the client base of the company is reputed, the counterparty risk remains low.

- **Conservative capital structure**

The company's capital structure remained conservative as reflected by overall gearing ratio of 0.66x as on March 31, 2021, which moderated from 0.72x as on March 31, 2020 owing to decline in total debt. Long term debt equity was low at 0.33x as on March 31, 2021 (0.49x as on March 31, 2020). Total indebtedness reflected by TOL/TNW was 1.95x as on March 31, 2021 (3.04x as on March 31, 2020).

#### Key Rating Weaknesses

- **Decline in the topline and profits during FY2020 and FY2021; however, some improvement witnessed during the FY2022**

In FY2020 and FY2021, the topline declined due to COVID led lockdown. This consequently also resulted in decline in the profits and cash accruals of the company. However, in FY22 (Prov), the company has achieved revenues of Rs. 79.65 crore up 3.85% y-o-y. Infomerics believes that a sustained increase in topline will be the key rating factor going ahead.



## Press Release

- **Thin profit margins**

The operating margin of the company has remained thin historically since a major part of revenues comes from trading which is marked by limited value addition and limited product differentiation with intense competition. The EBITDA margin and the PAT margin of the firm stood at 4.8% and 1.85%, respectively, in FY22 (Prov).

- **Susceptibility to volatile raw material prices**

Key raw materials include reflective sheets, raised pavement markers, aluminium sheets, aluminium composite material sheets, and steel structures. The prices of aluminium and steel products are volatile due to their commoditised nature.

- **High working capital intensive nature of operations**

The operations of the company remained working capital intensive in FY2020 and FY2021 due to a sharp increase in collection period and high inventory holding leading to elongated operating cycle. Though the company's operating cycle is likely to moderate going forward it still is expected to remain on a higher side.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

**Liquidity – Adequate**

The liquidity position of the firm is adequate marked by its expected gross cash accruals as against debt obligations during FY2023-FY2025. However, the current ratio stood at 1.56 times, but overall gearing was 0.66x as on March 31, 2021 indicating low gearing position. The bank limit utilization on overall cash credit limit was high at around 90% over the 12 months ended March 2022.

**About the Company**

Incorporated in 1991 and located out of Delhi, CBM Industrie Private Limited is promoted by Hassija and family. The directors of the company are Ranvinder Hassija and Dharan Vir



## Press Release

Hassija. The company is engaged in manufacturing and trading a number of products such as road signage, petroleum signage, railway signage which includes high mast, monoliths, retro-reflective sign boards, raised pavement markers etc.

### Financials (Standalone):

For the year ended* / As on	31-March-20 (Audited)	31-March-21 (Audited)
Total Operating Income	80.76	76.64
EBITDA	3.92	2.87
PAT	0.83	0.74
Total Debt	21.03	19.76
Tangible Net-worth	29.27	29.99
EBITDA Margin (%)	4.85	3.75
PAT Margin (%)	1.02	0.96
Overall Gearing Ratio (x)	0.72	0.66

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	UGECL	Long Term	2.86	IVR BB/Stable	-	-	-
2.	Cash Credit	Long Term	10.00	IVR BB/Stable	-	-	-
3.	BG/Inland/Import LC	Short Term	8.00	IVR A4	-	-	-
4.	Forward Sale Contract	Short Term	5.00	IVR A4	-	-	-
5.	Proposed Facility	Short Term	4.14	IVR A4	-	-	-



## Press Release

### Name and Contact Details of the Rating Analyst:

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### About Infomerics Ratings:

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. 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](http://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, suspend 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
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UGECL-1	-	-	FY27	1.70	IVR BB/ Stable
UGECL-2	-	-	FY25	1.16	IVR BB/ Stable
Cash Credit	-	-	-	10.00	IVR BB/ Stable
BG/Inland/Import LC	-	-	-	8.00	IVR A4
Forward Sale Contract	-	-	-	5.00	IVR A4
Proposed Facility	-	-	-	4.14	IVR A4

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

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-CBM-May22.pdf>

**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](http://www.infomerics.com).