



## Press Release

### CBM Industrie Private Limited

**March 21, 2024**

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	Rs. 22.00 crore (increase from Rs.12.86 crore) (Proposed includes Rs. 10.50 crore)	IVR BB/ Stable (IVR double B with Stable outlook)	Assigned, and upgraded from IVR BB- / Negative ISSUER NOT COOPERATING* (IVR Double B minus with Negative outlook Issuer Not Cooperating) and removed from Issuer Not Cooperating category	Simple
Short Term Bank Facilities	Rs. 8.00 crore (reduce from Rs.17.14 crore)	IVR A4 (IVR A four)	Reaffirmed and removed from Issuer Not Cooperating category	Simple
<b>Total</b>	<b>30.00 (INR thirty crore only)</b>			

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

Earlier Infomerics had moved the ratings of CBM Industrie Private Limited (CIPL) into Issuer Not Cooperating category vide its press release dated June 26, 2023, due to non-submission of information required for detailed review of the company. However, the Company has started cooperating and submitted required information. Consequently, Infomerics has removed the rating from 'ISSUER NOT COOPERATING' category.

The ratings assigned to the bank facilities of CBM Industrie Private Limited considers experienced promoters, reputed client profile leading to low counterparty risk, conservative capital structure and comfortable debt protection metrics. However, these rating strengths remain constrained due to its moderate scale of operations, thin profit margins, susceptibility to volatile raw material prices, high working capital intensive nature of operations.



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### 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
- Any significant rise in working capital intensity or unplanned 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 and comfortable debt protection metrics**

The capital structure of the company had remained leveraged with its satisfactory net worth base of Rs.29.74 crore as on March 31, 2023. The Overall gearing stood moderate and decline to 0.85x as on March 31, 2023 from 0.75x as on March 31, 2022. Long term



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debt to equity has also decline and stood at 0.52x as on March 31, 2023 from 0.42x as on March 31, 2022. Overall indebtedness of the company marked by TOL/TNW has deteriorated and stood at 2.50x as on March 31, 2023, against 1.99x as on March 31, 2022. Debt protection metrics remained comfortable with improvement in interest coverage to 1.72x as on March 31, 2023 from 1.55x as on March 31, 2022. Total Debt by GCA improved to 10.90x as on March 31, 2023, from 13.82x as on March 31, 2022. DSCR remained comfortable at 1.20x as on March 31, 2023, and improved from 1.02x as on March 31, 2022.

### Key Rating Weaknesses

- **Relatively moderate scale of current operations**

The total operating income of the company had improved marginally to Rs.80.20 crore in FY23 from Rs.79.65 crore in FY22 driven by better execution of contracts. Further, the company has achieved sales of Rs. 38.05 crore in 9MFY24 as compared to Rs. 33.66 crore in 9MFY23 up ~13% year over year. The increase in the topline will be a key rating determinant going forward.

- **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 6.71% and 0.21%, respectively, in FY23.

- **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 due to high collection period to 224 days in FY23 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.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria of assigning rating outlook](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The company's liquidity remains adequate, marked by expected cash accruals of Rs. 3.33 crore, Rs. 3.75 crore and Rs. 4.20 crore in FY2024, FY2025 and FY2026, respectively against debt repayment of about Rs 3.00 crore, Rs. 2.07 and Rs. 2.02 crore in FY2024, FY2025 and FY2026, respectively. However, the current ratio is low at 1.47 times in FY23. The bank limit utilization on overall cash credit limit of Rs 10.00 crore, was 98% over the 12 months ended February 2024.

### **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 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, retroreflective sign boards, raised pavement markers etc.

### **Financials (Standalone):**

For the year ended* / As on	(Rs. crore)	
	31.03.2022	31.03.2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	79.65	80.20
EBIDTA	3.58	5.38
PAT	-0.25	0.17
Total Debt	22.28	25.24
Tangible Net Worth	29.70	29.74



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EBDITA Margin (%)	4.49	6.71
PAT Margin (%)	-0.31	0.21
Overall Gearing Ratio (x)	0.75	0.85

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA: Nil**

**Any other information: Nil**

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)				Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating		Date(s) & Rating(s) assigned in 2022-23 May 11, 2022	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
					June 26, 2023			
1.	UGECL 1	Long Term	1.50	IVR BB/Stable	IVR BB-/ Negative ISSUER NOT COOPERATING*	IVR BB/Stable	-	-
2.	UGECL 2	Long Term	-	-	IVR BB-/ Negative ISSUER NOT COOPERATING*	IVR BB/Stable	-	-
3.	Cash Credit	Long Term	10.00	IVR BB/Stable	IVR BB-/ Negative ISSUER NOT COOPERATING*	IVR BB/Stable	-	-
4.	Proposed Cash Credit	Long Term	10.50	IVR BB/Stable	-	-	-	-
5.	BG/Inland /Import LC	Short Term	8.00	IVR A4	IVR A4 ISSUER NOT COOPERATING*	IVR A4	-	-
6.	Forward Sale Contract	Short Term	-	-	IVR A4 ISSUER NOT COOPERATING*	IVR A4	-	-
7.	Proposed Facility	Short Term	-	-	IVR A4 ISSUER NOT COOPERATING*	IVR A4	-	-

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





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Name: Sandeep Khaitan

Tel: (033)- 46022266

Email: [Sandeep.khaitan@infomerics.com](mailto:Sandeep.khaitan@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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 in-depth 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 visit [www.infomerics.com](http://www.infomerics.com)

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### Annexure 1: Details of Facilities



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
UGECL - 1	-	-	FY27	1.50	IVR BB/ Stable
Cash Credit	-	-	-	10.00	IVR BB/ Stable
BG/Inland/Import LC	-	-	-	8.00	IVR A4
Proposed Cash Credit	-	-	-	10.50	IVR BB/ Stable

**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-Industrie-mar24.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).