



Press Release

RBP Energy (India) Private Limited (REIPL)

March 29, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities – OD	0.80	IVR BBB-/Stable	Reaffirm	Simple
Short Term Bank Facilities – LC	2.00	IVR A3	Reaffirm	Simple
Proposed Long term facility – OD/CC	14.20	IVR BBB-/Stable	Reaffirm	Simple
Proposed Short Term Facilities – BG/LC	3.00	IVR A3	Reaffirm	Simple
Enhanced Proposed Long term facility – OD/CC	2.80	IVR BBB-/Stable	Assigned	Simple
Total	22.80	Rupees Twenty Two Crores and Eighty lakh Only		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the above-mentioned bank facilities of REIPL continues to derive strength from its experienced promoters, improved scale of operations, adequate financial risk profile. However, risks associated with tender driven nature of business., geographical concentration risk, dependency on climatic conditions are some of the rating constraints.

Key Rating Sensitivities

Upward Factors



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- Sustained increase in scale of operation with improvement in cash accruals.
- Improvement in profitability with EBITDA margin on sustained basis.
- Improvement in capital structure with reduction in TOL/TNW below 1x.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis.
- Withdrawal of subordinated unsecured loan (treated as quasi-equity) either partially or fully, leading to moderation in the capital structure.
- Any un-envisaged incremental debt funded capital expenditure leading to a deterioration in its overall gearing ratio.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Promoters

The company has two directors namely Mr. Gaurav Jain and Mr. Jaikishan Bajaj both are engineer by qualification and having an experience of 11 years in the field of renewable energy and solar pumps installation business. REIPL is providing advanced technologies at affordable prices. REIPL mainly has three business segments viz. installation, supply and subcontract.

Improved Scale of Operations

REIPL reported growth in revenue by 9.03% in FY23. REIPL's total operating income increased Rs. 131.90 crore in FY23 as against Rs. 120.78 crore registered in FY22. Growth in revenue is attributed to the increase in number of contracts in the backdrop of Government's push towards resorting to solar pumps and incentivising the same. There was an increased flow of orders in last 2-3 years which resulted in healthy orders coming in the solar sector in the last 2 years which has resulted in the increase in topline from Rs 81.10



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crores in FY 20-21 to Rs 131.90 crores in FY 22-23. Further, REIPL's gross cash accruals stood at Rs. 5.47 crore in FY23 (Rs. 5.54 crore in FY22).

Adequate Financial Risk Profile

The financial risk profile of the company is marked by adequate capital structure and debt protection metrics. REIPL's TOL/TNW Including Quasi Equity stood at 1.58x as on March 31, 2023, (2.03x as on March 31, 2022). Further, overall gearing Including Quasi Equity stood at 0.47x as on March 31, 2023, (0.91x as on March 31, 2022). The promoters have been regularly infusing funds by way of unsecured loans which are subordinated to the bank debt, which keeps the net worth at adequate levels. The debt protection metrics also remained moderate with interest coverage ratio of 3.84x in FY23 (3.23x in FY22) due to decrease in finance cost in FY23. Total debt to GCA stood at 2.50x as on March 31, 2023, (3.94x as on March 31, 2022) due to decrease in the total debt to Rs.13.70 cr as on March 31, 2023 from Rs.21.84 crore as on March 31, 2022.

Key Rating Weaknesses

Tender Driven nature of business

REIPL is a mid-sized operator in the fiercely competitive sector, where projects are chosen based on the bidder's financial strength, necessary experience and most appealing price. Because there are many contractors, there is intense competition, which leads to aggressive bidding that reduces margins. In the medium run, meanwhile, it is anticipated that the government's focus on renewable energy will be beneficial for players like REIPL.

Geographical concentration risk

REIPL is located at Raipur and all its projects are in the state of Chattisgarh which leads to geographical concentration risk. Any decline in the tenders from Chattisgarh will affect the total operating revenue and profit margin of REIPL.



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Dependency on climatic conditions

The industry is weather dependent. Only those areas that receive good amount of sunlight are suitable for producing solar energy. During daytime, the weather may be cloudy or rainy, with little or no sun radiation, this makes solar energy panels less reliable as a solution and which makes this industry susceptible to the vagaries of nature.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on Default Recognition](#)

[Criteria of assigning Rating outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

LIQUIDITY: ADEQUATE

REIPL's liquidity position remained adequate marked by current ratio of 1.60x as on March 31, 2023 (1.96x as March 31, 2022). The company's cash accruals are sufficient to meet its repayments in FY24-26. REIPL has GCA in the range of Rs. 11 crores to Rs. 13.00 crore in the period FY24-FY26 against the debt repayment of Rs. 5.62 crore to Rs. 3.28 crore in the period FY24-FY26. Further, OD utilization remained minimal as most of the times credit balance is available in the account indicating adequate liquidity and providing sufficient headroom to REIPL.

About the company

REIPL make clean energy available to homeowners, businesses, schools, non-profit and government organizations at a lower cost than they pay for energy generated by burning fossil fuels like coal, oil and natural gas. REIPL approach is to install systems to the highest engineering standards while making the switch simple for customers. REIPL is providing advanced technologies at affordable prices.



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Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	120.78	131.90
EBITDA	10.05	9.56
PAT	5.48	5.18
Total Debt	21.84	13.70
Tangible Net worth (Including Quasi Equity)	23.89	29.07
Ratios		
EBITDA Margin (%)	8.32	7.25
PAT Margin (%)	4.52	3.92
Overall Gearing Ratio (x) (Including Quasi Equity)	0.28	0.16

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr · N o.	Name of Instrument /Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amou nt outsta nding (Rs. crore)	Rating	Date(s) & Rating(s) assigne d in 2022-23	Date(s) & Rating(s) assigne d in 2021-22	Date(s) & Rating(s) assigne d in 2020-21
1	Long Term Bank Facilities – OD	Long Term	0.80	IVR BBB- /Stable	-	-	-
2	Proposed long term Facilities – CC/OD	Long Term	14.20	IVR BBB- /Stable	-	-	-



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Sr · N o.	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
3	Short Term Bank Facilities – LC	Short term	2.00	IVR A3	-	-	-
4	Proposed Short Term Facilities – LC/BG	Short Term	3.00	IVR A3	-	-	-
5	Proposed long term Facilities – CC/OD	Long Term	2.80	IVR BBB- /Stable			

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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.



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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

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Overdraft	-	-	-	0.80	IVR BBB-/Stable
Proposed OD/CC	-	-	-	14.20	IVR BBB-/Stable
Letter of Credit	-	-	-	2.00	IVR A3
Proposed LC/BG	-	-	-	3.00	IVR A3
Enhanced Proposed OD/CC	-	-	-	2.80	IVR BBB-/Stable

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

Annexure 3: Facility wise lender details



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<https://www.infomerics.com/admin/prfiles/len-RBPEnergy-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.