RRSM Infra Private Limited (Revised)

April 01, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	150.00	CARE A-; Stable / CARE A2+	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of RRSM Infra Private Limited (RIPL) derive comfort from its promoters' vast experience in the construction industry, demonstration of strong project execution capability with completion of few projects before scheduled commercial operation date (SCOD), and its healthy order book with presence of price escalation clause in all of its contracts, resulting in medium term revenue visibility,

Ratings also take cognisance of growth in RIPL's scale of operations in 9MFY25 (FY refers to April 01 to December 31), while maintaining its profitability, comfortable financial risk profile, and adequate liquidity.

The ratings are, however, constrained on account of sectoral and clientele concentration in its orderbook, susceptibility of RIPL's profitability to raw material price volatility, and its presence in a highly fragmented construction sector with tender-based nature of operations. Ratings also factor increase in working capital intensity in 9MFY25, which is expected to increase going forward with expiry of COVID-19-related relaxations in deduction of retention money and security deposits in ongoing projects.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations above ₹1,200 crore while maintaining its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin at existing levels.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) below 0.80x on a sustained basis.

Negative factors

- Significant decline in scale of operations below ₹700 crore and dip in PBILDT margin below 8% on a sustained basis.
- Significant increase in working capital intensity leading to deterioration in TOL/TNW above 1.50x on a sustained basis.
- Any significant increase in orderbook under hybrid annuity model (HAM) model requiring sizeable equity commitment in near-to-medium term.
- Adverse outcome in the on-going case filed by National Green Tribunal (NGT), resulting in crystallisation of penalty thereby impacting the company's liquidity position

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that RIPL shall sustain its credit risk profile in the near term driven by strong project execution capabilities and healthy revenue visibility in medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with demonstration of strong project execution capabilities

Incorporated in 2010 by Rajendra Singh Bhamboo and Rajendra Dangi, RIPL has an established track record of over a decade in the road construction industry. The company has demonstrated strong project execution capability marked by completion of few projects well ahead of scheduled commercial operations date (SCOD). The company has also claimed early completion bonus for three projects amounting to ~₹37 crore in FY24 and FY25. RIPL's strong execution track record reduces the execution risk associated with new projects to an extent.

Prior to incorporation of RIPL, the company operated under a partnership firm (M/s Rajendra Singh Bhamboo) since 2003. They are ably assisted by second generation of the family, Manish Dangi and Sachin Bhamboo, and a team of managerial personnel and technical experts with relevant experience in their respective fields.

Healthy orderbook, low counterparty credit risk, and focus on geographical diversification

As on December 31, 2024, RIPL had an orderbook of ₹2,401 crore (inclusive of GST), translating into revenue visibility of 2.92x of FY24's gross billing. The company has secured new contracts amounting to ₹1,075 crore in 9MFY25 and has been declared as

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

the lowest bidder (L1) for three projects worth ₹934 crore. With over 50% of the project progressing per schedule the company is actively planning to build up its orderbook, including development projects awarded under HAM.
RIPL focuses on orders awarded by central government authorities like Ministry of Road Transport and Highways (MoRTH), National Highway Authority of India (NHAI), National Highways & Infrastructure Development Corporation Limited (NHIDCL), etc. across states, which has low reliance on state budgets, translating into low counterparty credit risk.
While the company has executed projects in Assam, Tripura, Telangana, and Karnataka, it had established a strong presence in Maharashtra through the execution of multiple projects in recent years. Currently, it is geographically diversified across four states, with Andhra Pradesh accounting for ~46% of the order book, followed by Maharashtra (29%), Goa (17%), and Rajasthan (8%).

Significant investment in building own fleet of equipment and machinery
RIPL has consistently upgraded and expanded its equipment and machinery in line with the scope and complexity of the projects undertaken, and the growth in its operational scale. Over the past three years, ending in FY24 and 9MFY25, RIPL has invested ₹86 crore and ₹63 crore, respectively, in acquiring equipment and machinery to enhance its in-house execution capabilities. Reliance on sub-contracting is largely limited to labour, which however, has increased in the recent past with execution of orders across multiple states.

Growth in scale of operations while maintaining its profitability
RIPL's TOI has reported a growing trend, except FY24 owing to lower number of projects under execution. In FY24, Its TOI reduced by 29% y-o-y to ₹697 crore, against ₹984 crore in FY23. In 9MFY25, RIPL's TOI recovered to ₹844 crore and the company is expected to achieve revenue of ₹1150 crore for full year of FY25, driven by strong execution of the orders in hand.
RIPL's PBILDT margin remained in the range of 9.7% - 11% in last four years ended FY23. PBILDT margin improved by 427 bps y-o-y to 14.38% in FY24 (FY23: 10.11%), owing to receipt of early completion bonus of ~₹20 crore. With expected receipt of early completion bonus in FY25, CARE Ratings expects RIPL's PBILDT margin to remain above 12.50% in FY25.

Comfortable financial risk profile
RIPL's capital structure remained comfortable marked by overall gearing and TOL/TNW of 0.39x (FY23: 0.18x) and 0.82x (0.81x) respectively as on FY24-end. Debt coverage indicators marked by PBILDT interest coverage and TD/GCA remained satisfactory at 11.79x (FY23: 8.61x) and 1.24x (FY23: 0.47x), respectively, as on FY24-end.
However, as the number of orders under execution increases, additional funds will be required not only for incremental working capital but also for acquiring equipment and machinery. This is expected to be financed through a mix of debt, equity, and mobilisation advances. While this may moderate RIPL's financial risk profile, its overall gearing is expected to remain below unity in the medium term.

Key weaknesses

Increase in working capital intensity in 9MFY25
The construction segment is inherently working capital intensive primarily due to funding requirement towards the security deposits, retention amount and margin money for the non-fund-based facilities. The working capital intensity has also increased in 9MFY25 owing to incremental blockage of funds in retention money, as prior to April 2024, the retention money requirement was relaxed due to COVID-19 guidelines. This coupled with increase in the number of orders under execution and milestone-based billing mechanism, has led to increase in working capital intensity, which is partially funded through bank borrowings and mobilisation advances.
Moreover, with ~46% of the current orderbook consisting of orders, which are yet to commence / nascent stage of execution (billing below 20%), efficient management of the working capital requirements, while maintaining adequate liquidity buffer shall remain a key monitorable.

Sectoral and clientele concentration
Around 95% of RIPL's order book comprises road construction contracts executed on an engineering, procurement, and construction (EPC) basis, indicating sectoral concentration risk and limited revenue stream diversity. However, the execution risk remains low as the majority of these projects are brownfield, involving lane widening and strengthening of existing stretches. This entails a lower risk regarding the availability of Right of Way (ROW) and the receipt of prerequisite clearances.
Top-5 orders contribute ~87% of the unexecuted orderbook from a single counterparty MORTH, translating into high clientele concentration risk. Orders from strong counterparties with timely track record of payment has led the company to achieve growth in its TOI in the past.

Presence in a highly fragmented and competitive construction industry

RIPL is a mid-sized player operating in an intensely competitive construction industry with presence of many mid and large-sized players. With low counterparty credit risk, these projects are lucrative for all the contractors and hence are highly competitive. This and the volatility in key raw material prices has impacted margins of EPC players, despite the presence of a price escalation clause in the contract terms. However, RIPL's established track record of executing road projects and in-house availability of resources gives it an edge to bid competitively and execute orders in a timely manner.

Pending case with NGT

CARE Ratings takes note of the penalty imposition of ₹55.47 crore by NGT for causing environmental damage by illegally excavating stone, sand and murram for its projects in the Nashik and Hingoli districts of Maharashtra. The matter is currently sub-judice, with no material development Any adverse outcome of this case, resulting in a penalty payment and impacting the company's liquidity, would be a negative rating sensitivity.

Liquidity: Adequate

RIPL's liquidity position remains adequate considering generation of healthy cash flow from operations, sufficient cushion in GCA against debt repayment obligation, moderate utilisation of working capital limits and free cash and liquid investment of ~₹49 crore as on December 31, 2024.

Average month-end utilisation of fund-based and non-fund-based limits remained moderate at 66% and 73%, respectively, in trailing nine months ended December, , 2024, providing sufficient cushion to its liquidity.

Cash flow from operations remained positive in last five years ended FY24. The company is expected to generate GCA in the range of ₹90 crore - ₹110 crore, which shall remain sufficient to cover the debt repayment obligation of ~₹20 crore - ₹25 crore in FY25-FY27.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About tce company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in 2010, RIPL (previously known as Rajendra Singh Bhamboo Infra Private Limited) is majorly engaged in executing road development projects on EPC basis across Rajasthan, Maharashtra, Telangana, Karnataka, Goa, and Andhra Pradesh, among others.

The company is enlisted as "AA" class contractor with Public Works Department (PWD) Government of Rajasthan, Jaipur Development Authority (JDA), Water Resources Department (WRD) Government of Rajasthan, and Rajasthan Housing Board (RHB).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	983.60	696.91	843.50
PBILDT	99.42	100.19	101.65
PAT	57.18	59.69	57.56
Overall gearing (times)	0.18	0.39	0.83
Interest coverage (times)	8.61	11.79	6.49

A: Audited; UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	150.00	CARE A-; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB+; Stable (29-Feb-24) 2)Withdrawn (29-Feb-24)	1)CARE BBB+; Stable (07-Dec-22) 2)CARE BBB; Stable (05-Apr-22)	1)CARE BBB; Stable (05-Apr-21)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	-	-	-	1)CARE BBB+; Stable / CARE A2 (29-Feb-24) 2)Withdrawn (29-Feb-24)	1)CARE BBB+; Stable / CARE A2 (07-Dec-22) 2)CARE BBB; Stable / CARE A3+ (05-Apr-22)	1)CARE BBB; Stable / CARE A3+ (05-Apr-21)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	150.00	CARE A-; Stable / CARE A2+				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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