



**Press Release**  
**RMK Infrastructure Private Limited**  
**February 02, 2024**

**Rating Reaffirmed & Partly Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	95.91	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative	-
Bank Loan Ratings	12.80	ACUITE BBB-   Reaffirmed & Withdrawn	-
Bank Loan Ratings	91.29	-	ACUITE A3   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	187.20	-	-
Total Withdrawn Quantum (Rs. Cr)	12.80	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) and short-term rating of '**ACUITE A3** (read as **ACUITE A three**) to the Rs.187.20 crore bank facilities of RMK Infrastructure Pvt. Ltd. (RIPL). The outlook is revised to '**Negative**' from '**Stable**.'

Acuite has withdrawn and reaffirmed its long-term rating of '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) to the Rs.12.80 crore bank facilities of RMK Infrastructure Pvt. Ltd. (RIPL). The rating has been withdrawn as applicable for the respected instrument/facility as per Acuite's policy of withdrawal of ratings after receiving the client's withdrawal request.

**Rationale for rating reaffirmation and revision in outlook**

The rating reaffirmation and revision in outlook reflects RIPL's lower than expected operational performance, modest order book position which stood at ~Rs.83 Cr as of January 2024 and slow realisation of receivables. The operating revenues fell short of Acuite's expected levels and stood at Rs.238.97 Cr in FY2023 against Rs.243.51 Cr in FY2022. The rating is further constrained on account of its inherent risk of susceptibility to tender based nature of operations, geographical concentration, and intensive nature of working capital operations.

However, the rating considers the long-standing experience of RIPL's promoters, its established track record of operations, adequate liquidity along with moderate financial risk profile marked by low gearing levels, moderate debt coverage indicators and net worth.

Acuite believes, timely realisation of receivables and execution of existing order book, along with further strengthening of order book position will remain key monitorable over the near to medium term.

**About the Company**

Pune-based RMK Infrastructure Private Limited was established in 2011 by Mr. Ranjeet Kakade and is mainly into infrastructure construction and industrial construction. In FY2021, stone crushing business of its group company - Kakade Stone Crusher, was merged into RIPL. The company has 38.25 lakh tons of annual stone crushing capacity. Directors of Rmk

Infrastructure Private Limited are Sunanda Ramdas Kakade, Ranjeet Ramdas Kakade.

## Unsupported Rating

Not Applicable

## Analytical Approach

Acuite has considered standalone financial and business risk profiles of RIPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### **Experienced management and established presence in infrastructure construction**

RIPL is in the business of infrastructural construction since past decade. The company was established in 2011 by Mr. Ranjeet Kakade, who is a civil engineer and has ~10 years of experience in the construction segment. The promoter's long experience has enabled RIPL to successfully win the tenders and complete the projects. RIPL has done various infrastructure projects of the state government and Municipal Corporations besides industrial constructions. Further, the company is also looking to expand its rental business, where in constructed industrial sheds are given to other companies on a rental basis. The company reported a revenue of Rs.238.97 crore indue to merging of stone crushing business of its group company – Kakade Stone Crusher. Further, the company has achieved a topline of Rs.137.80 crore till November 2023. Also, the company deals in tender based contracts which includes Government entities where the bid winning ratio is ~70% and execute projects for some private contracts and some In-house construction.

Acuite believes that RIPL's established presence supported by strong experience of the management may continue to support the company's growth in near to medium term.

### Moderate financial risk profile

The financial risk profile of the company stood moderate marked by moderate net worth, improvement in gearing levels, and moderate debt protection metrics. The tangible net worth stood at Rs.96.82 crore as on 31 March 2023 as against Rs.79.41 crore as on 31 March 2022. The total debt of the company stood at Rs.97.32 crore which includes Rs.28.18 crore of long-term debt, Rs.33.67 crore of short-term debt, and Rs.35.47 crore of Unsecured loans as on 31 March, 2023. The gearing (debt-equity) stood at 1.01 times as on 31 March 2023 as compared to 1.28 times as on 31 March, 2022. Interest Coverage Ratio stood at 4.08 times for FY2023 as against 6.06 times for FY2022. Debt Service Coverage Ratio (DSCR) stood at 1.81 times in FY2023 as against 3.36 times in FY2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.63 times as on 31 March, 2023 as against 2.12 times as on 31 March, 2022. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.22 times for FY2023 as against 0.36 times for FY2022.

Acuite believes that the financial risk profile of RIPL is expected to remain moderate over the medium term due to its moderate debt levels vis-à-vis moderate tangible net worth and moderate debt protection metrics.

### Weaknesses

#### **Intensive Working Capital Operations**

The working capital management of the company is intensive marked by GCA days of 258 days in FY2023 as against 260 days in FY2022. The higher GCA days are on account of high debtor days which stood at 140 days in FY2023 which were at similar level compared to FY22. The high debtors for the company are on account of the billing cycle of the company which usually happens at the end of the financial year and the payments for the same happens after a period of 30 to 60 days. However, the creditor days stood at 97 days in FY2023 as against 140 days in FY2022. The average credit period allowed by suppliers is around 60-90 days. Inventory Days stood at 07 days in FY2023 as against 20 days in FY2022.

Acuite believes that RIPL's GCA days may remain at 200-250 level in the medium term, thus maintaining intensive working capital operations considering the nature of business.

### Geographical concentration and tender-based business

RIPL's entire business is from Maharashtra and Pune. Thus, any negative development in this

state/district would have a sharp negative implications on RIPL's overall operating performance and so on financial risk profile and liquidity. Further to reduce the geographical concentration, the company has started looking at expanding in other states. Further, majority of construction business of RIPL is based on tenders floated by MIDC, PCMC, MLDL, etc. Thus, the company's revenue is subject to the successful bidding of tenders amidst high competitive intensity, which also impacts the pricing power of players.

### **Rating Sensitivities**

- Improvement in scale of operations and profitability margin
- Stretch in working capital cycle.
- Timely execution of orders.
- Timely realization of receivables.

### **Liquidity Position Adequate**

The company's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations. The company generated net cash accruals in the range of Rs.21.32-36.27 Crore from FY 2021- 2023 against its maturing debt obligations in the range of Rs.4.34-7.88 crore in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.20.42-23.56 crores against the maturing repayment obligations of around Rs.7.00-7.68 crore over the medium term. However, the working capital management of the company is intensive marked by GCA days of 258 days in FY2023 as against 260 days in FY2022. Further, the reliance on working capital limits is marked moderate, as reflected by moderate utilisations of fund-based limit of around 84% and non-fund-based limit of 67% in the last 11 months ended November 2023. The company maintains unencumbered cash and bank balances of Rs.0.12 crore as on March 31, 2023. The current ratio stands at 1.77 times as on March 31, 2023.

Acuite believes that the company's liquidity position would remain adequate in the medium term with sufficient net cash accruals to the maturing debt obligations.

### **Outlook: Negative**

Acuite has revised the outlook on RIPL to 'Negative' on account of lower-than-expected operational performance, elongated working capital cycle, modest order book and delays in realization of receivables. The rating may be downgraded if there is higher-than-expected decline in its revenues or profitability, further elongation in working capital cycle and further delays in timely realization of receivables. The outlook may be revised to 'Stable' in case of significant improvement in the order book position in near to medium term thereby giving healthy revenue visibility and also timely realization of receivables leading to improvement in working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	238.97	243.51
PAT	Rs. Cr.	16.51	29.50
PAT Margin	(%)	6.91	12.12
Total Debt/Tangible Net Worth	Times	1.01	1.28
PBDIT/Interest	Times	4.08	6.06

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Nov 2022	Working Capital Term Loan	Long Term	0.46	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	26.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	14.27	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	4.10	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	35.33	ACUITE A3 (Reaffirmed)
	Working Capital Term Loan	Long Term	7.85	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	22.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	16.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	30.49	ACUITE A3 (Reaffirmed)
09 Aug 2021	Proposed Bank Facility	Long Term	26.00	ACUITE BBB-   Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
	Bank Guarantee	Short Term	27.86	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short Term	30.49	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	89.65	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A3 (Reaffirmed)
05 Jul 2021	Bank Guarantee	Short Term	30.49	ACUITE A3 (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A3 (Assigned)
	Proposed Bank Facility	Long Term	15.65	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	12.00	ACUITE BBB-   Stable (Assigned)
		Short		

	Bank Guarantee	Term	27.86	ACUITE A3 (Assigned)
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## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.49	ACUITE A3   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	16.50	ACUITE A3   Reaffirmed
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	22.00	ACUITE A3   Reaffirmed
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	12.00	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	22.30	ACUITE A3   Reaffirmed
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Feb 2027	Simple	2.03	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Jul 2024	Simple	0.67	ACUITE BBB-   Negative   Reaffirmed



	appl.			appl.				Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2026	Simple	2.64	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2024	Simple	0.06	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	06 Oct 2030	Simple	10.00	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Sep 2035	Simple	16.91	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	06 Oct 2033	Simple	10.43	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jan 2028	Simple	10.03	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Kotak Mahindra Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Jan 2028	Simple	4.24	ACUITE BBB-   Reaffirmed & Withdrawn
	Not							ACUITE

HDFC Bank Ltd	avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2026	Simple	2.36	BBB-   Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Jul 2024	Simple	3.43	ACUITE BBB-   Reaffirmed & Withdrawn
Janata Sahakari Bank Ltd (Pune)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	03 Feb 2027	Simple	1.97	ACUITE BBB-   Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2025	Simple	0.22	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2027	Simple	7.29	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Apr 2028	Simple	1.63	ACUITE BBB-   Negative   Reaffirmed   Stable to Negative
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2027	Simple	0.56	ACUITE BBB-   Reaffirmed & Withdrawn
Kotak Mahindra Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Mar 2025	Simple	0.24	ACUITE BBB-   Reaffirmed & Withdrawn

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Siddharth Shah Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:siddharth.shah@acuite.in">siddharth.shah@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

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