

## Rawmet Resources Private Limited

February 21, 2025

Facilities	Amount (₹ crore)	Ratings <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	7.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable / CARE A4+ and moved to ISSUER NOT COOPERATING category
Short-term bank facilities	79.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Rawmet Resources Private Limited (RRPL) to monitor the ratings vide e-mail communications dated September 10, 2024, and January 30, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, RRPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on RRPL's bank facilities will now be denoted as **CARE BB; Stable/ CARE A4 ISSUER NOT COOPERATING\***

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

The revision in the ratings assigned to the bank facilities of Rawmet Resources Private Limited (RRPL) take into account the moderation in financial performance of the company FY24 (refers to the period April 1 to March 31) along with lack of clarity on the future growth strategy and inability to monitor the performance of the company which is critical for assessing the credit profile of the company.

The ratings continue to remain constrained by its leveraged capital structure and weak debt protection metrics, high supplier concentration risk, exposure to commodity price and forex fluctuation risk leading to volatile financial performance over the years. The ratings, however, derive strength from the experienced promoters with long and satisfactory track record, moderately diversified customer profile and established network having operations at major domestic ports.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on February 16, 2024, the following were the strengths and weaknesses (updated for the information available from Registrar of Companies):

#### Key weaknesses

##### Moderation in financial performance in FY24

The total operating income (TOI) witnessed significant de-growth from Rs.6,359 crore in FY23 to Rs.2,590 crore in FY24. The PBILDT margin remained stable at 0.63% in FY24 (0.61% in FY23). However, the PAT margin witnessed decline from 0.69% in FY23 to 0.06% in FY24 on account of increase in interest cost and decrease in non-operating income.

##### Leveraged capital structure and weak debt protection metrics

The overall gearing of the company improved from 2.19x as on March 31, 2023, to 1.57x as on March 31, 2024 (excluding acceptances), on account of the decrease in the counter guarantees given to the banks for the bill receivables discounted, however, the same continues to remain leveraged.

Furthermore, the debt protection metrics marked by interest coverage ratio also deteriorated to 0.42x as on March 31, 2024, from 1.18x as on March 31, 2023, on account of decrease in operating profit as well as increase in the interest cost. With cash loss incurred by the company, debt protection metrics also deteriorated in FY24 and remained weak.

##### High supplier concentration risk

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

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RRPL imports most of its goods from ARPL. RRPL has more than a decade of past track record of purchasing goods from ARPL. Purchase from ARPL was over 90% of the total purchases of RRPL during FY21-FY23. Thus, there is high dependence on ARPL for material purchase.

### **Exposure to commodity price and forex fluctuation risk leading to volatile financial performance**

RRPL procures imported coal mainly from Indonesia, Australia, South Africa, Canada, Russia and the US through ARPL. Profitability of RRPL is exposed to inventory gain/loss due to fluctuation in coal prices. The company purchases approximately 55% of its requirement on order backed basis, which reduces the risk of commodity price volatility in the hands of the company. Furthermore, the company also executes 5-10% of their total sales through high seas which helps them contain the risk of adverse price movements. Furthermore, inventory holding period is generally 60 days-70 days, (with exception of 6 days in FY24 due to high turnover leading to averaging effect) restricting the price risk to that extent.

Even though RRPL has started partially hedging its trade payables, it is still exposed to the risks associated with the foreign exchange rate fluctuations since its entire imports are denominated in USD and the entire sales is in INR. The profitability of the company has remained volatile in the past due to fluctuations in the foreign exchange rate and coal price. In FY23, the company incurred net foreign exchange loss of ₹33 crore vis-à-vis loss of ₹7 crore in FY22. Going forward, the profitability of the company continues to remain susceptible to the fluctuations in the price of the commodity and foreign exchange.

### **Key strengths**

#### **Experienced promoters with long and satisfactory track record**

The promoters of the company are Sandeep Bhargava, Khusroo Parwez Khan and Raju Rangachar. The promoters and the key personnel have worked in the steel and mining industry for more than two decades before starting RRPL around two decades back, resulting in a cumulative experience of over four decades. The promoters are professionally qualified and resourceful providing further support to the ratings.

Apart from the promoter directors, the company also has an experienced and professional team of management, commercial and technical personnel consisting of MBAs, Chartered Accountants, ship captains and engineers.

#### **Moderately diversified customer profile**

RRPL's client base includes reputed entities across different sectors. RRPL supplies materials for clients across the power, steel, and cement sectors and has a long-term association with most of its customers. The top 5 customers contributed to around 34% of total sales in FY23, (reduced from 50% in FY22), thus, demonstrating little dependence on any one customer which indicates comfort with regards to customer concentration risk.

#### **Established distribution network through operations at major ports**

The company has operations in almost all the major port cities of India including Paradip in Odisha, Haldia in West Bengal and Krishnapatnam, Visakhapatnam, Gangavaram in Andhra Pradesh. In the Haldia dock complex, the company, has taken plots on long-term lease from Syama Prasad Mookerjee Port to store goods. Presence in major port cities allows the company to deliver the goods to the customers in a timely manner since the plants are in proximity to these ports

### **Applicable criteria**

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, Gas & Consumable Fuels	Consumable Fuels	Trading - Coal

RRPL, incorporated in 2002 is engaged in the trading of imported minerals and ores including coking coal, steam coal and low ash metallurgical coke. The company also provides coal handling and supervision services. The promoters of the company are Sandeep Bhargava, Khusroo Parwez Khan and Raju Rangachar. The promoters have around four decades of experience in the industry. RRPL is a closely held company and the board comprise of four directors including two promoter directors. The day-to-day affairs of the company are being looked after by Khusroo Parwez Khan and Raju Rangachar.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	6,359.04	2,590.23

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
PBILDT	38.87	16.44
PAT	43.74	1.48
Overall gearing (times)	2.19	1.57*
Interest coverage (times)	1.18	0.42

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

\*Excluding acceptances

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

**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		-	-	-	7.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	79.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	7.00	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable / CARE A4+ (16-Feb-24) 2)CARE BBB-; Negative / CARE A3 (28-Sep-23)	1)CARE BBB; Stable / CARE A3+ (30-Jun-22)	-
2	Non-fund-based - ST-Letter of credit	ST	79.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (16-Feb-24) 2)CARE A3 (28-Sep-23)	1)CARE A3+ (30-Jun-22)	-

\*Issuer did not cooperate; based on best available information.

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

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of instruments rated**

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

**Annexure-5: Lender details**

To view the 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.

### Disclaimer:

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