

Rajendra Ispat Private Limited

February 20, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long term bank facilities	26.50	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable 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 Rajendra Ispat Private Limited (RIPL) to monitor the rating vide e-mail communications dated January 03, 2025, and January 29, 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, RIPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RIPL's bank facilities will now be denoted as **CARE B; Stable 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 rating assigned to the bank facilities of Rajendra Ispat Private Limited (RIPL) has been revised on account of deterioration in financial performance of the company in FY24 (refers to the period April 1 to March 31) along with lack of clarity on future growth strategy and inability to monitor the performance of the company which is critical for assessing the credit profile of the company. The rating continues to remain constrained by its small scale of operations, low order book position, moderate capital structure and weak debt coverage indicators in FY24, profitability susceptible to volatility in traded goods prices, working capital intensive nature of operations and presence in a highly competitive and fragmented industry.

The aforesaid constraints are partially offset by its experienced promoters with satisfactory track record of operation.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on January 18, 2024, the following were the strengths and weaknesses (updated for the information available from Registrar of Companies):

Key weaknesses

Small scale of operations

The scale of operations of the company though witnessed slight increase in FY24 compared with FY23, continued to remain small marked by total operating income of Rs.62.49 crore in FY24 as against Rs.61.26 crore in FY23. The small size restricts the financial flexibility of the company in times of stress.

Low order book position

The company had unexecuted order book of Rs.59 crore for its Punjab unit which is expected to be completed by July 2024 and Rs.14 crore for the Kolkata unit which is expected to be completed in FY25.

Deterioration in the financial risk profile of the company in FY24

The financial risk profile of the company has deteriorated marked by company incurring operating loss of Rs.0.22 crore in FY24 vis-à-vis operating profit of Rs.5.86 crore in FY23. With decline in PBILDT margin, PAT margin also witnessed decline from 1.35% in FY23 to 1.12% in FY24.

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

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

Moderate capital structure and weak debt coverage indicators

The total debt of the company witnessed decline from Rs.77.19 crore as on March 31, 2023, to Rs.54.81 crore as on March 31, 2024. The capital structure though witnessed improvement, continues to remain moderate marked by overall gearing of 1.59x as on March 31, 2024, compared with 2.28x as on March 31, 2023.

Interest coverage deteriorated from 1.32x in FY23 to below unity in FY24 mainly due to decrease in absolute PBILDT levels from Rs.5.86 crore in FY23 to -Rs.0.22 crore in FY24.

Profitability susceptible to volatility in traded goods prices

The steel scrap and other metals, such as aluminium and copper, that are obtained from dismantling of manufacturing plants are sold in the open market by the company. As the prices of these ferrous and non-ferrous metal scrap are market driven and volatile, the profitability of the company remains susceptible to the fluctuations in the prices of its traded goods.

Working capital intensive nature of operations

RIPL's business, being dismantling and trading of scrap metals, is working capital intensive in nature marked by high average inventory and collection periods. The average inventory period deteriorated from 483 days in FY23 to 549 days in FY24, on account of significant increase in cost of sales. With increase in revenue and collection of receivables, average collection period witnessed an improvement from 134 days in FY23 to 23 days in FY24. Accordingly, the operating cycle witnessed improvement from 539 days in FY23 to 454 days in FY24, though continued to remain high.

Highly competitive and fragmented industry

The industry in which the company operates is highly fragmented and competitive, marked by the presence of numerous players in northern and eastern India. Hence, the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability. Further, RIPL's products being steel related, are subject to the risks associated with the industry like cyclical and price volatility.

Key strengths

Experienced promoters with satisfactory track record of operation

Mr. Badri Narayan Modi, having more than two decades of experience in same industry, looks after the overall operations of the company. He is supported by other directors, Mr. Raghav Modi and Mrs. Rajeshwari Modi who also have more than two decades of experience in similar type of industry.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

RIPL was incorporated in December 2004 and currently, the company is being managed by Mr. Badri Narayan Modi, Mr. Raghav Modi and Mrs. Rajeshwari Modi. Since its inception, the company has been engaged in dismantling of abundant plants and trading of scrap metals. December 2017 onwards, the company had also started manufacturing of mild steel round bars. The manufacturing unit of the company is located at Belur, Howrah, West Bengal with an installed capacity of 31,200 metric tons per annum (MTPA). However, currently the company is not manufacturing the steel bars and is only engaged in dismantling of abundant plants and trading of scrap metals.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	61.26	62.49
PBILDT	5.86	-0.22
PAT	0.83	0.70
Overall gearing (times)	2.28	1.59
Interest coverage (times)	1.32	-0.05

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

Status of non-cooperation with previous CRA: CRISIL continues to keep the rating assigned to the bank facilities of the company under Issuer not cooperating category based on best available information as the company did not provide the requisite information needed to conduct the rating exercise or did not provide the No Default Statements (NDS) for the last three months vide press release dated September 30, 2024.

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
Fund-based - LT-Cash Credit		-	-	-	26.50	CARE B; Stable; 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	Fund-based - LT-Cash Credit	LT	26.50	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (18-Jan-24) 2)CARE B+; Stable (04-Apr-23)	-	1)CARE B+; Stable (03-Mar-22) 2)CARE B+; Stable (10-May-21)

*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	Fund-based - LT-Cash 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:

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