Ganga Rk Industries Private Limited

March 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1.43 (Reduced from 2.31)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	7.00	CARE BBB-; Stable / CARE A3	Reaffirmed
Short-term bank facilities	1.50	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

For arriving at ratings, CARE Ratings Limited (CARE Ratings) has taken a combined analytical view of RGK group entities- Ganga R K Industries Private Limited (GRK) and Kotecha Steel Forge and Cast Industries Private Limited (KSFCI), considering operational linkages between group entities and common promoters and management.

Reaffirmation of ratings reflects growing despite moderate scale of operations and profitability, comfortable capital structure and debt coverage indicators and adequate liquidity of the group in FY24 (audited, refers to April 01 to March 31) and 9MFY25 (provisional, refers to April 01 to December 31). Ratings are further bolstered by the experienced promoters of the RGK group and their long track record in the casting industry, and an established network in the export market. Ratings also take note of successful completion of debt funded capex related to forward integration to the current machining process.

However, ratings continue to remain constrained considering susceptibility of margins to volatility in raw material prices. The group's presence in competitive and fragmented metal casting industry along with customer concentration risk also poses challenges.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in group's scale of operations marked by total operating income (TOI) of more than ₹200 crore on a sustained basis.
- Improvement in groups profit margins with profit before interest, lease rentals, depreciation, and taxation (PBILDT) and profit after taxes (PAT) margins exceeding 10% and 4% on a sustained basis.
- Improvement in RGK's capital structure with overall gearing below 0.75x.
- Improvement in the debt coverage indicators with interest coverage exceeding 7x and total debt to gross cash accruals (TD/GCA) reaching below 2x on a sustained basis.

Negative factors

- De-growth in RGK's scale of operations marked by TOI by 20% or more.
- Deterioration in groups profitability position marked by PBILDT margin below 7%.

Analytical approach: Combined

CARE Ratings has considered combined approach of two entities of RGK group – GRK and KSFCI on account of operational linkage between these entities and common promoters as well as management. Details of entities combined is shown in **Annexure-6**.

Outlook: Stable

Stable outlook reflects the rated entity is likely to sustain its operating performance and profitability margins over the medium term. The entity is also expected to sustain its comfortable financial risk profile in absence of large debt funded capex or acquisition plans over the medium term.

Detailed description of key rating drivers:

Key strengths

Growing albeit moderate scale of operations and moderate profitability

The scale of operations of RGK group as marked by TOI has exhibited an increasing trend since last five years with compounded annual growth rate (CAGR) at 22% for FY24. Despite the growth, TOI remained moderate at ₹223.12 crore in FY24 against

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

₹175.74 crore in FY23. In 9MFY25, the group has reported TOI of ₹132.66 crore (without adjusting intercompany transactions) and expects to achieve TOI of ₹175 crore for FY25.
The group's profitability has remained stable, with a PBILDT margin of 8.82% in FY24 (FY23: 8.09%) considering decrease in raw material prices. However, operating profit grew by 38% in absolute terms to ₹19.68 crore in FY24 considering growing scale of operations. The group's PAT margin remained at 3.64% in FY24 (FY23: 2.72%).

Comfortable capital structure and debt coverage indicators
The group's capital structure remained comfortable as marked by overall gearing of 0.98x as on March 31, 2024, and December 31, 2024 (against 0.80x as on March 31, 2023). The debt coverage indicators as marked by TD/GCA remained at 2.52x in FY24 similar to FY23. The group's interest coverage ratio improved to 6.15x in FY24 (6.27x in FY23) against 4.22x in FY23 with increased operating profits.

Experienced promoters having established track record of operations
RGK's management rests in the hands of Kotecha family. Ramnik Kotecha, managing director, holds almost four decades of experience in manufacturing and export of metal casting products. Bhavesh Pabari is nephew of Ramaniklal Kotecha and manages overall management in GRK and KSFCI. Samir Kotecha manages Bambore Unit of KSFCI, whereas Kiran Kotecha manages administration work in GRK and KSFCI. Overall, the group has presence in metal products since long and has well experienced management team to manage overall business operations.

Successful completion of debt funded capex in GRK
GRK has successfully completed debt funded capex for installation of machines used in gear cutting process which is an extension to current machining process for manufacturing PT Housings. The capex was completed within cost and time parameter. The total capex cost was ₹9.02 crore entirely funded through term loans. The capex was completed by the end of May-2024 while the commercial operations commenced from June-2024 end. However, the anticipated benefits from this investment are yet to materialise as orders related to the new machinery have not yet been received.

Key weaknesses

Susceptibility of margins to raw material price volatility and presence into competitive and fragmented industry
RGK group's profit margins remain susceptible to changes in the prices of its primary raw material including steel scrap and pig iron, which are volatile. The products sold by RGK are generally used by agricultural industry, engineering and capital goods industry, which are inherently vulnerable to economic cycles and vagaries of monsoon. The slowdown in these industries may adversely affect the group's business operations. International crisis and economic conditions also play important role for the group as it is mainly in export business. Entry barriers are low which result in low pricing power and high competition among the players and due to which profitability always remains susceptible.

Concentrated customer base
Earlier, RGK group earned majority of its total revenue from exports market. Over the years, promoters have succeeded in building sound business relationship with their customers and suppliers due to which RGK group is getting repeat orders from clients. Top five customers constituted ~80-90% of total sales for the entities; thus, exposing to a high customer concentration risk. However, comfort is drawn from repeated orders from customers to whom the group is dealing since 2012.

Liquidity: Adequate

The liquidity of RGK is adequate as marked by sufficient cushion in accruals against repayment obligations. RGK's cash accruals remained sufficient at ₹13.78 crore in FY24 against repayment obligation of ₹4-5 crore in FY25. The cash flow from operation deteriorated to ₹4.89 crore in FY24 from ₹17.03 crore in FY23 mainly considering increase in the amount of outstanding trade receivables due to extended credit period was granted considering long standing relation with the group. The group's operating cycle continue to remain similar at 36 days in FY24 (FY23: 32 days). The cash and bank balance remained low at ₹0.17 crore as on March 31, 2024 (₹1.56 crore as on March 31, 2023). Current ratio and quick ratio stood at 1.16x and 0.81x, respectively, as on March 31, 2024. The average utilisation of working capital limits stood ~90% for both the companies in the last 12 months ended January 31, 2025.

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Compressors, pumps and diesel engines

Rajkot-based RGK is promoted by Ramnik Kotecha. The group includes two companies, Kotecha Steel Forge & Cast Industries Private Limited (KSFCI) and Ganga Rk Industries Private Limited (GRK).
KSFCI was established by its key promoter Ramnik Kotecha as partnership firm, Steel Forge and Cast Industries in April 2010 and subsequently converted to private limited company in July 2019. The entity is engaged in manufacturing steel and alloy casting products used largely in automobile parts. KSFCI's manufacturing facility is at Surendranagar with an installed capacity of 7200 metric tonne per annum (MTPA). Presently, KSFCI is managed by five promoters including Ramnik Kotecha, Bhavesh Pabari, Samir Kotecha, Kiran Kotecha and Nishita Chauhan.
GRK was incorporated in April 2007 by its key promoter Ramnik Kotecha. The company was set up as a partnership firm in 1980 in the name of "R. K. Industries". Subsequently, in 2007, it was converted to private limited company. It is engaged in manufacturing and export of casting products largely used in manufacturing hydraulic machines. Presently, GRK is managed by four promoters including Ramnik Kotecha, Bhavesh Pabari, Samir Kotecha and Kiran Kotecha.

Brief Financials (₹ crore)	RGK Group (Combined)			GRK (Standalone)		
	FY23 (UA)	FY24 (UA)	9MFY25 (Prov.)	FY23 (A)	FY24 (A)	9MFY25 (Prov.)
Total operating income	175.74	223.12	132.66	47.59	73.18	33.76
PBILDT	14.15	19.68	NA	4.40	7.22	3.75
PAT	4.79	8.11	NA	1.55	3.34	0.85*
Overall gearing (times)	0.80	0.98	NA	0.80	1.01	1.19
Interest coverage (times)	4.29	6.15	NA	4.04	6.48	4.41

UA: Unaudited since line-by-line addition is done by analytical team after adjusting inter group transactions, A: Audited, Prov.: Provisional, *Tax rate assumed @25%; note: 'the above results are latest financial results available'

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working capital Term Loan		-	-	March-2025	1.43	CARE BBB-; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	7.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-ILC/FLC		-	-	-	1.50	CARE A3

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/ ST-Cash Credit	LT/ST	7.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (26-Mar-24)	1)CARE BBB-; Stable / CARE A3 (06-Mar-23) 2)CARE BBB-; Stable / CARE A3 (07-Apr-22)	1)CARE BB+; Stable / CARE A4+ (01-Apr-21)
2	Non-fund-based - ST-ILC/FLC	ST	1.50	CARE A3	-	1)CARE A3 (26-Mar-24)	1)CARE A3 (06-Mar-23) 2)CARE A3 (07-Apr-22)	1)CARE A4+ (01-Apr-21)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (26-Mar-24)	1)CARE BBB-; Stable (06-Mar-23) 2)CARE BBB-; Stable (07-Apr-22)	1)CARE BB+; Stable (01-Apr-21)
4	Fund-based - LT-Working capital Term Loan	LT	1.43	CARE BBB-; Stable	-	1)CARE BBB-; Stable (26-Mar-24)	1)CARE BBB-; Stable (06-Mar-23) 2)CARE BBB-; Stable (07-Apr-22)	-

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-Working capital Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-ILC/FLC	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Kotecha Steel Forge and Cast Industries Private Limited	Full	Operational and financial linkages
2	Ganga RK Industries Private Limited	Full	Operational and financial linkages

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.

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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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