

## Eefco Metals & Powders Private Limited

July 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	11.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/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 Eefco Metals and Powders Private Limited (EEFCO) to monitor the rating vide email communications dated June 23, 2025; April 16, 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, EEFCO has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on EEFCO's bank facilities will now be denoted as **CARE BB; 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 has been revised on account of non-availability of adequate information thereby leading to uncertainty around credit risk of the company.

**Analytical approach:** Standalone.

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on May 29, 2024, the following were the rating strengths and weaknesses (updated for the information available from FY24 audited financials, as shared by the client):

#### Key weaknesses

##### Highly competitive, fragmented, and cyclical industry

The operating spectrum of the company is highly fragmented and competitive, marked by the presence of numerous players in eastern India. Hence the players in the industry do not have pricing power and are exposed to competition induced pressures on profitability. This apart, EEFCO's product being intermediary iron & steel products, are used primarily by auto industry. Accordingly, it is subjected to the risks associated with the industry like cyclicity and price volatility.

##### Volatility in raw material prices

The degree of backward integration defines the ability of the company to minimize price volatility risk and withstand cyclical downturns. Since raw material (MS Scrap) is the major cost driver for EEFCO, any upward movement in raw material prices without any relative improvement in realization from finished goods may result in adverse performance of the company. Moreover, EEFCO does not have any backward integration for its raw materials and procures the same from outside, exposing the company to price volatility.

##### Small scale of operations albeit improvement in FY24

Though the TOI of the company improved by around 13% y-o-y, to Rs 101.57 crore in FY24 as against Rs. 92.56 crores in FY23, the overall scale of operations continued to remain small. The PBILTD margin also improved to 5.42% (P.Y. 3.36%) as the company was able to reduce the wastage during production by improving efficiency.

##### Moderate capital structure and debt coverage indicators

The overall gearing of the company stood at a moderate level as on March 31, 2024, at 2.22x as against 1.60x as on March 31, 2023. The moderation observed in the overall gearing was majorly attributable to EEFCO availing loan against fixed deposit during

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

the end of FY24 to fund its working capital requirement. The TD/GCA ratio improved in FY24 to 6.65x (PY: 5.98x), whereas interest coverage ratio moderated to 3.01x against 6.24x last year.

## Key strengths

### Experienced promoters with long track record of operations:

EEFCO is managed by Mr. Anurag Kumar and Mr. Rajesh Kumar who have more than two decades of experience in this industry. EEFCO has been engaged in S.G. Iron and C.I. Casting business since 1996 and accordingly has more than two decades of operational track record.

### Client concentration risk albeit reputed clientele

The revenue of the company is majorly derived by supply of automotive parts to Tata Motors Ltd. (TML) (CARE AA+; Stable/CARE A1+) and ancillaries of TML. Reliance on a few customers for its sales exposes the company to customer concentration risk. However, the company has long standing relationship with these clients for more than two decades, which offsets the risk to a large extent.

### Certified quality standards of manufacturing facilities

EEFCO's manufacturing facility is well equipped with modern amenities which ensures it to maintain standard manufacturing and product quality which has been reflected from the IATF 16949:2016 certification that it has received from the certification body 'BSI'. These international certifications help the company with the wide acceptability of its products.

## Applicable criteria

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Eefco Metals & Powders Private Ltd. (EEFCO) was incorporated on December 06, 1996 by Mr G.S. Rao of Jamshedpur, Jharkhand and his two sons: Mr Anurag Kumar and Mr Rajesh Kumar to take over their existing business 'Eastern Engineering & Foundry Company'. Since its inception, the company has been engaged in Spheroidal Graphite (S.G.) iron casting which finds major application in automobile industry. The manufacturing facility of EEFCO is located at Jamshedpur, Jharkhand with an aggregate installed capacity of 9600 metric tons per annum. The company mainly works for Tata Motors Ltd and its ancillaries.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	92.56	101.57
PBILDT	3.11	5.51
PAT	1.12	1.84
Overall gearing (times)	1.60	2.22
Interest coverage (times)	6.24	3.01

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

**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
Fund-based - LT-Cash Credit		-	-	-	11.00	CARE BB; 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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	11.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable (29-May-24)	1)CARE BB; Stable (05-Jul-23)	1)CARE BB; Stable (29-Jun-22)

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

LT: Long 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](mailto:care@careedge.in) for clarifications.

### Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Arindam Saha Director <b>CARE Ratings Limited</b> Phone: +91-033- 40181631 E-mail: <a href="mailto:arindam.saha@careedge.in">arindam.saha@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Gopal Pansari Associate Director <b>CARE Ratings Limited</b> Phone: +91-033- 40181647 E-mail: <a href="mailto:gopal.pansari@careedge.in">gopal.pansari@careedge.in</a>
	Soumadip Kumar Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Soumadip.Kumar@careedge.in">Soumadip.Kumar@careedge.in</a>

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