



Press Release

R.P. Multimetals Private Limited

September 11, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	56.47	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook)	-	Assigned	Simple
Short Term Bank Facilities	50.00	IVR A3+ (IVR A Three Plus)	-	Assigned	Simple
Total	106.47	Rupees One Hundred Six Crore and Forty-Seven Lakh Only			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVRPL) has assigned its rating for long term facility as IVR BBB with stable outlook and short-term rating as IVR A3+ for the bank facilities of R.P. Multimetals Private Limited.

The rating draws comfort from its experienced promoters with long track record of operations, growing scale of operations and moderate operating cycle. However, these strengths are partially offset by low profitability margins, exposure to raw material prices fluctuations and geographical concentration risks.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that R.P. Multimetals Private Limited will continue to benefit from the extensive experience of its promoters and growing scale of operations.

IVRPL has principally relied on the audited financial results of R.P. Multimetals Private Limited up to 31 March 2023, management certified provisional results for FY2024(i.e. review period from 1st April 2023 to 31st March 2024), and projected financials for FY25, FY26 and FY27, along with publicly available information/ clarifications provided by the company's management.



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Key Rating Sensitivities:

Upward Factors

- Continuous improvement in the operating margin combined with adequate cash accruals leading to high reinvestment in the company.
- Improvement in the capital structure with improvement in debt protection metrics.

Downward Factors

- Substantial decline in the revenue and profitability leading to sustained decline in the debt protection metrics and/or liquidity profile.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters with long track record of operations

RPML, a family-run business. The company is currently managed by Mr. Narain Singla, Mr. Yograj Singla, Mr. Gopal Singla, and Mr. Ashish Singla. Mr. Narain Singla, the Chairman, and Mr. Gopal Singla is a graduate with over four decades of experience in the steel industry. This has given them an understanding of market dynamics and helped to establish healthy relationships with suppliers and customers. The promoters are also associated “M/s Narain and Company,” established in 1997.

Growing Scale of Operations

Total Operating Income increased to Rs. 913.96 crore in FY24(Pov.) from Rs. 735.39 crore in FY23 owing to favourable demand of the company's product. EBIDTA of the company has improved to Rs. 29.66 crore in FY24(Prov.) in comparison to Rs. 19.69 crore in FY23. PAT has also increased to Rs.10.10 crore in FY24(Prov.) from Rs.6.37 crore in FY23. Gross Cash Accrual of the company increased to Rs. 17.45 crore in FY24 from Rs. 12.39 Crore in FY23. The profitability margins of the company marked by PAT margin improved slightly to 1.10% in FY24 from 0.87% in FY23.

Moderate Operating Cycle:



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The company's operating cycle was 41 days for FY2023, which is slightly increased to 42 days in FY2024. The average inventory holding period increased slightly to from 33 days to 36 days albeit comfortable. The average collection period improved from 13 days to 10 days, showing better receivables management.

Key Rating Weaknesses

Exposure to fluctuations in raw material prices

Iron and steel manufacturing companies in India face significant volatility in raw material prices, primarily due to fluctuating global demand, supply chain disruptions, and changes in government policies. Any sharp increase in input prices is likely to have a significant impact on the profitability of the companies operating in the sector.

Low Profitability Margins:

The company has low profitability margins, with EBITDA margins at 2.68% in FY 2023 and 3.24% in FY 2024, and PAT margins slightly improving from 0.87% to 1.10%. These thin margins indicate limited financial cushion and profitability relative to revenue, affecting the company's ability to service debt.

Exposure to geographical concentration risks and intense competition in the fragmented long-steel business:

The company's operations are mainly concentrated in the Northern region (Punjab), exposing it to the geographical concentration risk. Additionally, the steel industry faces intense competition from both organized and unorganized players, with limited product diversity due to its commodity nature. Despite a decline in unorganized players, margins remain pressured due to industry fragmentation.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Criteria on assigning rating outlook](#)



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[Policy on Default Recognition and Post-Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity: Adequate

The liquidity profile of the company is expected to remain adequate in the near to medium term on the back of its expected sufficient cash accruals of Rs.17.45 crore – Rs. 34.82 Crore vis-à-vis its debt repayment obligations of Rs. 7.51 crore – Rs. 2.44 crore during FY2024-2027. Further, the average utilisation of fund-based limits remained at ~69.39% during the last twelve months ended July 2024 indicating a moderate level of utilization and reasonable buffer available for any future need., R.P. Multimetals had unencumbered cash and cash equivalent of Rs.13.30 crore as on 31st March 2024.

About the Company

R. P. Multimetals Private Limited (RPML), incorporated in December 2000, is a Punjab-based steel manufacturer managed by Mr. Narain Singla, Mr. Yograj Singla, Mr. Gopal Singla, and Mr. Ashish Singla. The company is engaged in the manufacturing of steel billets, hot rolled coils and ERW pipes (at its integrated manufacturing plant located in Mandi Gobindgarh Punjab, with a capacity of 567,000 MT per annum as of March 31, 2024. The finished products are then distributed to buyers in Ludhiana and Mandi Gobindgarh.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	735.39	913.96
EBITDA	19.69	29.66
PAT	6.37	10.10
Total Debt	89.44	109.94
Tangible Net Worth	43.78	53.88
EBITDA Margin (%)	2.68	3.24
PAT Margin (%)	0.87	1.10
Overall Gearing Ratio (x)	1.14	1.26
Interest Coverage (x)	3.30	3.12

* Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA: Brickworks Ratings vide press release dated April 26, 2024 has classify the case under Issuer Not Cooperating on account of non-submission of relevant information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	56.47	IVR BBB/Stable	-	-	-
2.	Non-Fund Based	Short Term	50.00	IVR A3+	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	-	11.47	IVR BBB/Stable
Cash Credit	-	-	-	-	45.00	IVR BBB/Stable
Letter of Credit	-	-	-	-	50.00	IVR A3+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-RP-Multimetals-sep24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.