



## Press Release

**R. R. Industrial Corporation (I) Private Limited**

**February 20, 2025**

### Ratings

| Instrument / Facility      | Amount (Rs. crore)                               | Current Ratings   | Previous Ratings | Rating Action   | <a href="#">Complexity Indicator</a> |
|----------------------------|--|---|------------------|-----------------|--------------------------------------|
| Long Term Bank Facilities  | 60.00  | IVR BBB-/ Stable (IVR triple B minus with Stable Outlook) | -                | Rating assigned | Simple                               |
| Short Term Bank Facilities | 10.00  | IVR A3 (IVR A three)                                      | -                | Rating assigned | Simple                               |
| <b>Total</b>               | <b>70.00</b><br><b>(INR seventy crores only)</b> |   |                  |                 |                                      |

**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

The ratings assigned to the bank facilities of R. R. Industrial Corporation (I) Private Limited (RRICPL) considers the common management team and financial linkages between RRICPL and its group company- Shree Shyam Rolling Mill (SSRM). Infomerics has taken a combined view of these entities referred together as R.R. Industrial Group.

The long-term rating assigned to the bank facilities of R. R. Industrial Corporation (I) Private Limited (RRICPL) has taken into account the long track record of operations, experienced management and steady business risk profile coupled with partial integration. Further, the ratings also factor in healthy financial risk profile supported by comfortable capital structure. However, the ratings are constrained by thin profitability margins, working capital intensive nature of operations, intense competition and inherent cyclical nature of steel industry.

The long-term rating outlook of RRICPL is Stable as the company will continue to benefit from the extensive experience of the promoters along-with healthy financial risk profile.

### Key Rating Sensitivities:

#### Upward Factors

- Significant and sustained growth in the scale of operations with improvement in profitability and cash accruals.
- Improvement in capital structure and debt protection metrics on a sustained basis.



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- Managing working capital requirements efficiently leading to improvement in the operating cycle with improvement in liquidity.

### **Downward Factors**

- Decline in the revenue and/ or profits leading to an overall deterioration in the financial risk profile of the company.
- Moderation in capital structure and/ or coverage indicators.
- Elongation in the operating cycle with moderation in liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Long track record of operations and experienced management**

R.R. Industrial group has a long operational track record of more than three decades. In addition to this, the key promoter of the group, Mr. Sanjay Jain, has been in the industry for more than three decades and has a strong understanding of local market dynamics. The promoter's background, experience and healthy relations with suppliers and customers will benefit the group going forward, resulting in steady growth in the scale of operations.

- **Steady business risk profile coupled with partial integration**

The revenue of the group decreased by 23.33% to Rs. 360.49 Cr in FY2024 (refers to period April 1st, 2023, to Mar 31, 2024) from Rs.470.22 Cr in FY2023 (refers to period April 1st, 2022, to Mar 31, 2023) on account of decline in average realization of the products as well as decline in volume sales. Nevertheless, the group has already achieved a revenue of Rs. 354.17 Cr in 9MFY2025 (refers to period April 1st, 2024, to December 31, 2024) (Provisional) as compared to Rs. 281.31 Cr as on 9MFY2024 (refers to period April 1st, 2023, to December 31, 2023) (Provisional). Going forward, the sustenance of the growth of the revenue of the group will be a key rating sensitivity.

Furthermore, SSRM sells some portion of its products to RRICPL (15.99% in FY2024 as against 21.94% in FY2023), which indicates partial integration.

- **Healthy financial risk profile supported by comfortable capital structure**

The group has a comfortable capital structure. The tangible net worth (TNW) of the group increased to Rs 102.15 Cr as on March 31, 2024, from Rs. 98.43 Cr as on March 31, 2023, due to accretion of reserves. The gearing of the group stood comfortable at 0.15x as on March



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31, 2024, as against 0.47x as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) also stood comfortable at 0.52x as on March 31, 2024, as against 1.08x as on March 31, 2023. The debt protection metrics of the group stood comfortable marked by Interest Coverage Ratio at 2.46x as on March 31, 2024, and Debt Service Coverage Ratio at 2.23x as on March 31, 2024. The total debt/EBITDA stood moderate at 1.66x as on March 31, 2024. Going forward, the financial risk profile of the company will continue to remain above average, backed by steady accruals and no major debt-funded capex plans.

### **Key Rating Weaknesses**

- **Thin profitability margins**

The profitability margins of the group remained thin primarily attributable to low value additive trading nature of the business. Furthermore, the EBITDA margin has declined from ~2.82% in FY2023 to ~2.63% in FY2024 mainly due to lower average sales realisation which was driven by a sharp fall in the prices of steel in the fiscal year. Again, the PAT margin of the group decreased to 1.10% in FY2024 from 1.33% in FY2023. Nonetheless, the EBITDA margin of the group improved to 2.74% and PAT margin of the group improved to 1.47% in 9MFY2025 (Provisional). In the medium term, the growth in the profitability margins of the group will be a key rating monitorable.

- **Working Capital Intensive nature of operations**

The working capital management of the group is intensive marked by the high operating cycle of the group which stood at 114 days as on 31st March 2024 as compared to 89 days as on 31st March 2023. The operating cycle is predominantly driven by the high debtor level during the same period. The debtor period stood at 135 days as on 31st March 2024 as compared to 117 days as on 31st March 2023, due to RRICPL's extended credit policy. Nevertheless, the inventory holding stood low at 7 days as on 31st March 2024 as compared to 6 days as on 31st March 2023. Going forward, the working capital management of the company will remain at similar levels as evident from the high debtor level.

- **Intense competition and inherent cyclical nature of steel industry**

The downstream steel industry remains heavily fragmented and unorganised. The company is exposed to intense competitive pressures from a large number of organised and unorganised players along with its exposure to inherent cyclical nature of the steel industry. Additionally, prices of raw materials and products are highly volatile in nature.



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### **Analytical Approach:** Combined

For the purpose of rating, we have combined the financial statements of R.R. Industrial Corporation (I) Private Limited (RRICPL) and Shree Shyam Rolling Mill (SSRM). This is because these companies are under control of same promoters, have business and financial linkages.

List of companies considered for combined analysis is given at Annexure 4.

### **Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria of assigning rating outlook](#)

[Consolidation of companies](#)

[Policy on default recognition](#)

[Complexity level of rated Instruments/Facilities](#)

### **Liquidity– Adequate**

The group has adequate liquidity position marked by sufficient net cash accruals vis-a-vis debt repayment obligations. The gross cash accruals stood at Rs.4.73 Cr in FY2024 as against no such maturing debt obligations for the same period. The current ratio stood comfortable at 3.01x as on March 31, 2024, and the quick ratio also stood comfortable at 2.86x as on March 31, 2024. The cash and bank balances including unencumbered fixed deposits of the group stood at Rs.21.87 Cr as on March 31, 2024. The average fund-based limit of the group remains utilised at around 37.42% over the twelve months ended January 2025, indicating sufficient cushion. Going forward, the liquidity position of the company is likely to improve supported by steady accruals.

### **About the Company**

R.R. Industrial Corporation (I) Private Limited (RRICPL) was initially set up in 1986 as a proprietorship firm and later reconstituted as a private limited in 2009. It is based in Raipur and engages in trading of structural steel products like TMT bars, beam, channel, angle, poles, flat, pipe, binding wire, MS plates, sheets, etc. RRICPL is owned & managed by Mr. Sanjay Jain, Mr. Rohit Jain and Mrs. Rekha Jain.



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### Financials (Standalone):

(Rs. crore)

| For the year ended/ As on*         | 31-03-2023     | 31-03-2024     |
|------------------------------------|----------------|----------------|
|                                    | <b>Audited</b> | <b>Audited</b> |
| Total Operating Income             | 434.15         | 312.39         |
| EBITDA                             | 11.98          | 7.73           |
| PAT                                | 6.04           | 3.70           |
| Total Debt                         | 40.32          | 9.10           |
| Adjusted Tangible Net Worth        | 94.58          | 98.03          |
| EBITDA Margin (%)                  | 2.76           | 2.47           |
| PAT Margin (%)                     | 1.39           | 1.18           |
| Overall adjusted Gearing Ratio (x) | 0.43           | 0.09           |
| Interest Coverage (x)              | 2.87           | 2.52           |

\* Classification as per Infomerics' standards.

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

**Any other information:** Not Applicable

### Rating History for last three years:

| Sl. No. | Name of Instrument / Facilities | Current Rating (Year 2024-25) |                                |                  | Rating History for the past 3 years     |   |   |
|---------|---------------------------------|-------------------------------|--------------------------------|------------------|---|---|---|
|         |                                 | Type (Long Term/ Short Term)  | Amount Outstanding (Rs. Crore) | Rating           | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
|         |                                 |                               |                                |                  | -                                       | -                                       | -                                       |
| 1.      | Cash Credit                     | Long Term                     | 30.00                          | IVR BBB-/ Stable | -                                       | -                                       | -                                       |
| 2.      | e-DFS                           | Long Term                     | 30.00                          | IVR BBB-/ Stable | -                                       | -                                       | -                                       |
| 3.      | Letter of Credit                | Short Term                    | 10.00                          | IVR A3           | -                                       | -                                       | -                                       |

### Analytical Contacts:

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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





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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.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Facility Details

| Name of Facility/ Security | ISIN | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|----------------------------|------|------------------|------------------|---------------|------------------------------|--------------------------|
| Cash Credit                | -    | -                | -                | -             | 30.00                        | IVR BBB-/ Stable         |
| e-DFS-1                    | -    | -                | -                | -             | 5.00                         | IVR BBB-/ Stable         |
| e-DFS-2                    | -    | -                | -                | -             | 25.00                        | IVR BBB-/ Stable         |
| Letter of Credit           | -    | -                | -                | -             | 10.00                        | IVR A3                   |

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-RR-industrial-feb25.pdf>



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

**Annexure 4: List of companies considered for consolidated/Combined analysis:**

| Name of the company   | Consolidation Approach |
|---|------------------------|
| R R Industrial Corporation (India) Private Limited (RRICPL) | Full Combined          |
| Shree Shyam Rolling Mill (SSRM)                             | Full Combined          |

**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](http://www.infomerics.com).

