



Press Release

Rajadhiraj Tirupani Vinayak Natraj Private Limited

March 30, 2023

Ratings

Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Proposed Long-Term Bank Facility	25.00	IVR BBB; Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Proposed Short-Term Bank Facility	75.00	IVR A3+ (IVR A three Plus)	Assigned	Simple
Total	100.00 (Rupees hundred crores only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Rajadhiraj Tirupani Vinayak Natraj Private Limited (RTVNPL) derives comfort from its experienced promoters, healthy scale of operations with comfortable profitability in FY22 and in 9MFY23 and its comfortable capital structure with strong debt protection metrics. These rating strengths are partially offset by its short track record of operations, significant investment in its wholly owned subsidiary company, Raj Rajeshwar Lalita Tripursundari Private Limited (RRLTPL) and exposure to intense competition on account of fragmented industry structure and exposure to cyclicity in the steel industry.

Key Rating Sensitivities:

Upward factors

- Growth in scale of operations with improvement in profitability on a sustained basis and consequent improvement in liquidity.
- Sustenance of the capital structure with improvement in debt protection metrics.

Downward factors

- Moderation in scale of operations and/or profitability impacting the gross cash accruals on a sustained basis.
- Moderation in the capital structure with moderation in the overall gearing to over 1x
- Increase in working capital intensity impacting the liquidity

List of Key Rating Drivers with Detailed Description



Press Release

Key Rating Strengths

- **Experienced Promoter**

The overall operation of the company is looked after by Mr. Rohit Agarwal. He is having more than two decades of experience in trading of iron and steel products. Mr. Agarwal is well supported by a well experienced second line of executives.

- **Healthy scale of operations and comfortable profitability in FY22 and in 9MFY23**

The company started operation from April 2021. In its first year of operation, the company had booked total operating income of Rs.3374.2 crore from trading of ferro-alloys with EBITDA margin of 10.54% and PAT margin of 9.23%. During 9MFY23, the company reported operating income of Rs.2537.29 crore with EBITDA margin of 6.56%, PAT margin of 5.51% and interest coverage at 163.22x.

- **Comfortable capital structure with strong debt protection metrics**

RTVNPL has a conservative capital structure as on March 31,2022 with strong debt protection metrics on the back of its healthy gross cash accruals and no external borrowings. However, Infomerics expects marginal moderation in its capital structure in the near term with avilment of external borrowings.

Key Rating Weaknesses

- **Short track record of operation**

RTVNPL started operation from FY22, hence it has short track record of operation of around two years. However, the promoters have vast business experience which mitigated the business risk to an extent.

- **Significant investments its wholly owned subsidiary company, Raj Rajeshwar Lalita Tripursundari Private Limited (RRLTPL)**

RTVNPL has done significant investment in its wholly owned subsidiary company, Raj Rajeshwar Lalita Tripursundari Private Limited. The project cost for ferro alloy plant installation in RRLTPL is Rs. 395 Crore which is being funded by the RTVNPL in the form of unsecured loans and advances extended by RTVNPL to RRLTPL. RTVNPL has extended Rs 193.01 Cr as unsecured loan to RRLTPL till March' 22 and ~ Rs 375 Cr till Jan'23 for the capex being undertaken in RRLTPL. RRLTPL is undergoing installation of its Ferro Alloy



Press Release

plant at Vizag (AP). The plant is under trial run and expected to be commissioned by April 2023. The plant shall produce Ferro-Manganese / Silico-Manganese up to 150000 MTPA.

- **Exposure to intense competition on account of fragmented industry structure and exposure to cyclicality in the steel industry**

The steel/ferro-alloys trading industry is fragmented and characterised by intense competition. The group's competitors are a large number of organised and unorganised players, which restricts its pricing flexibility. However, the promoters experience and association with well reputed companies, for procuring traded goods gives it an edge over its peers. The group is also exposed to high cyclicality engaged in the steel industry.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

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

[Criteria of assigning rating outlook](#)

Liquidity: Adequate

The liquidity profile of the company is expected to remain adequate marked by its expected satisfactory cash accruals in the range of ~ Rs.166 crore - Rs.220 crore during FY23-FY25 vis a-vis its nil debt repayment obligations. Further, on the back of its comfortable capital structure, the company has adequate gearing headroom which imparts adequate liquidity buffer.

About the Company

Rajadhiraj Tirupani Vinayak Natraj Private Limited (RTVNPL) was incorporated in August 2020 and commenced commercial operation from FY22. The company is engaged in the trading of Ferro manganese, Silico manganese, Coal & Coke and Manganese ore. The company started its business as a trader of Manganese ore and ferro alloys and subsequently added Coke, Coal and other steel products in its product portfolio. Richfield Packaging Pvt Ltd (RPPL) is the holding company of RTVNPL. RPPL Holds 100% share of RTVNPL. RPPL is engaged in steel trading and having a track record of more than 15 years. RTVNPL floated RRLTPL, its wholly owned subsidiary in order to start manufacturing of ferro-alloys as a backward integration initiative and to avail the income tax benefits as being



Press Release

a new company RRLTPL will attract income tax rate of 15% only as against applicable rate of 25% for existing companies.

Financials of RTVNPL (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	9MFY23
	Audited	Unaudited
Total Operating Income	3374.21	2537.29
EBITDA	355.55	166.48
PAT	314.47	139.90
Total Debt	0.00	-
Tangible Net worth	318.49	-
Adjusted Tangible Net Worth	116.26	-
EBITDA Margin (%)	10.54	6.56%
PAT Margin (%)	9.23	5.51%
Overall Gearing Ratio (x)	0.00	-
Interest Coverage Ratio (x)	172.35	163.22

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	(Rs. Crore)			Rating History for the past 3 years		
		Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Proposed Cash Credit	Long Term	25.00	IVR BBB; Stable	-	-	-
2.	Proposed Letter of Credit	Short Term	75.00	IVR A3+	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Nidhi Sukhani	Name: Mr. Avik Podder
Tel: (033) 46022266	Tel: (033) 46022266
Email: nsukhani@infomerics.com	Email: apodder@infomerics.com

About Infomerics Ratings:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange



Press Release

Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Proposed Long Term Fund Based Limits – Cash Credit	-	-	-	25.00	IVR BBB; Stable
Proposed Short Term Non Fund Based Limits – Letter of Credit	-	-	-	75.00	IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-RTVNPL.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable



Press Release

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.

