



## Press Release

### Rajgor Castor Derivatives Limited

January 9, 2024

#### Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	40.89	IVR BBB/ Stable (IVR triple B with Stable outlook)	Assigned	Simple
Short Term Bank Facilities	25.00 (included proposed facility of 15.00)	IVR A3+ (IVR A three plus)	Assigned	Simple
<b>Total</b>	<b>65.89</b> <b>(Rs. Sixty five crore and eighty nine lakh only)</b>			

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The rating assigned to the bank facilities of Rajgor Castor Derivatives Limited (RCDL) considers the common management team and operational & financial linkages between RCDL and its group concerns and Rajgor Proteins Limited (RPL) and Rajgor Agro Limited (RAL). Infomerics has taken a consolidated view of these entities referred together as Rajgor Group.

The ratings assigned to the bank facilities of Rajgor Group derives strength from extensive experience of promoters and leadership position in castor oil and castor oil-based derivatives business, a diversified product profile, consistent increase in topline and profit, healthy net worth, conservative capital structure and comfortable coverage indicators and comfortable working capital cycle. However, these rating strengths are constrained by competition from substitute products, exposure of profitability to volatility in commodity prices and geographical concentration.



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### Key Rating Sensitivities:

#### Upward factors

- Growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals and liquidity.
- Improvement in the debt protection metrics on a sustained basis.

#### Downward factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection metrics.
- Deterioration in working capital management impacting the liquidity.
- Moderation in capital structure, leverage ratio and coverage indicators.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Extensive experience of promoters and leadership position in castor oil and castor oil-based derivatives business**

Rajgor Group is promoted by one Rajgor family of Patan district of Gujarat. The promoters are Mr. Brijeshkumar Vasantlal Rajgor and Mr. Rahulkumar Vasantlal Rajgor. The companies in the group are engaged in manufacturing and trading of agro products like castor, mustard, groundnut, cotton etc. The promoters have more than a decade of experience in the castor and groundnut oils industry; their strong understanding of market dynamics and healthy relationships with suppliers and customers continue to support the business.

- **Consistent increase in topline and profit**

On a combined basis the TOI increased from Rs. 509.36 crore in FY21 to Rs. 962.92 crore in FY22 and Rs. 1225.00 crore in FY23, which translates into a CAGR of 55% from FY21 to FY23. The TOI increase was due to commencement of crushing of castor seeds in FY22 at RCD and cotton ginning at RAL in January 23. Led by an increase in topline, EBITDA and PAT also increase in FY22 as well as FY23. EBITDA of the group was Rs. 35.97 crore in FY23 compared with Rs.17.57 crore in FY22, which translated into a y-o-y growth of 104.70%. PAT increased to Rs. 16.68 crore in FY23 from Rs. 6.53 crore in FY22, thus increasing 155.42%



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y-o-y. Further during 8MFY24 (provisional), TOI increased by 29% y-o-y to ~Rs. 1109 crore, due to increase in sale realisation along with quantity sold. EBITDA increased by 56% to Rs.33 crore during 8MFY24 (provisional). Infomerics believes that an increase in scale of operations due to recent funds infusion in the form of equity share capital at RCDL and RAL, will aid topline growth and profit.

- **Healthy net worth, conservative capital structure and comfortable coverage indicators**

As on March 31, 2023, capital structure at the combined level consisted of total debt of Rs. 124.98 crore compared with Rs. 60.77 crore as on March 31, 2022, due to increase in bank borrowings required to meet the working capital requirements. Net worth of the group has increased to Rs.114.81 crore as on March 31, 2023, compared with Rs. 69.22 crore as on March 31, 2022. The increase in networth was due to accretion of profit to reserves along with equity issued of Rs. 16.09 crore in FY23 at RCDL and Rs. 15.76 crore of equity issued at RAL in FY23. The leverage ratio of the group was comfortable with long term debt equity ratio of 0.13 times as on March 31, 2023, compared with 0.36 times as on March 31, 2022. Overall gearing ratio was 1.09 times as on March 31, 2023, compared with 0.88 times as on March 31, 2022, and TOL/TNW was 1.80 times as on March 31, 2023 compared with 1.73 times as on March 31, 2022. Coverage indicators were adequate with Interest coverage ratio (ICR) of 4.13 times in FY23 compared with 2.40 times in FY22. The improvement in ICR was due to increase in EBITDA partly offset by an increase in interest cost. DSCR was also adequate at 2.61 times in FY23 compared with 1.66 times in FY22. The improvement was due to an increase in GCA to Rs. 22.04 crore in FY23 from Rs. 9.82 crore in FY22. Infomerics believes that going forward, the equity capital issued of Rs. 47.13 crore by way of IPO at RCDL in FY24, will further solidify the company's capital structure, thus making coverage indicators more comfortable.

- **Comfortable working capital cycle**

Working capital cycle of the group remained low at 27 days in FY23, though the same elongated from 17 days in FY22. The increase in working capital cycle was due to increase in collection period to 19 days in FY23 from 13 days in FY22. Inventory period also increased to 21 days in FY23 from 12 days in FY22 and creditors period increased to 13 days in FY23 compared with 9 days in FY22.



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- **Diversified product profile**

The group is engaged in a variety of products such as Castor Oil, Castor Seed, Castor Oil cake & High Protein Oil Cake products, Groundnut Oil, Groundnut Cake, Mustard Oil, Mustard Cake and recently it has added ginning of cotton. While a bouquet of products provides revenue diversification benefits, a greater share of total revenues comes from castor based products.

### Key Rating Weaknesses

- **Competition from substitute products**

Although the Group has a diversified product portfolio, some of the castor oil-based derivative products face competition from crude-based derivative products, to some extent. This exposes the Group to risks related to product substitution.

- **Profitability exposed to volatility in commodity prices**

Being a commodity business, any significant adverse fluctuations in the prices of castor seeds/castor oil or volatility in forex rates can impact the Group's profitability. Nevertheless, the group hedges its product as well as forex exposure. The profit margins also remain moderate due to the high share of revenue from the low-margin castor oil segment.

- **Geographical Concentration**

The group's operations are mostly concentrated in the state of Gujarat and thus the group is exposed to risk from geographical concentration. However, the sales are made to dealers in Gujarat who in turn export outside India.

### Analytical Approach: Consolidated

For arriving at the ratings, Infomerics has combined the business and financial risk profiles of Rajgor Proteins Limited, Rajgor Castor Derivatives Limited and Rajgor Agro Limited. This is because these companies, collectively referred to as the Rajgor Group, are under control of same promoters, have business and financial linkages. The list of Companies is given in Annexure 2.



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### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook](#)

[Consolidation of companies](#)

### **Liquidity - Adequate**

The liquidity position of the group is expected to remain adequate on account of its adequate expected accruals as against repayment obligations over the projected tenure of FY24 to FY26. Also, the utilization of fund based working capital limits for the past twelve months through November 2023 was ~88%. Further, absence of any capex plans provides further cushion to the liquidity position.

### **About the group**

Rajgor Group is promoted by one Rajgor family of Patan district of Gujarat. The promoters are Mr. Brijeshkumar Vasantlal Rajgor and Mr. Rahulkumar Vasantlal Rajgor. The group has four companies - Rajgor Agro Limited, Rajgor Castor Derivatives Limited, Rajgor Proteins Limited and Rajgor Industries Pvt. Ltd. All these companies are engaged in manufacturing and trading of agro products like castor, mustard, groundnut, cotton etc. The promoters have more than a decade of experience in the castor and groundnut oils industry; their strong understanding of market dynamics and healthy relationships with suppliers and customers continue to support the business.

### **About the company**

Rajgor Castor Derivatives Limited (formerly named as Hindprakash Castor Derivatives Private Limited, Ardent Castor Derivatives Private Limited, Rajgor Castor Derivatives Private Limited) Till December 2021, the Company had leased out the Castor plant - Harij having installed capacity of 450 MT per day to its then Holding Company i.e., M/s. Mangalam Global Enterprise Limited. Prior to December 2021, the company was engaged in the business of trading of agro commodity. However, from January 2022 the current promoters along with their family members (collectively referred to as Rajgor Group) purchased entire stake of M/s. Mangalam



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Global Enterprise Limited. Since then, Rajgor family has been actively managing the business of manufacturing of Castor Oil, Castor Oil cake, High Protein Oil cake in the Castor Plant - Harij along with trading of agro-commodity.

Rajgor Castor Derivatives Limited has commenced manufacturing of Refined Castor Oil First Stage Grade (F.S.G.), Castor De-Oiled Cake and High Protein Castor De-Oiled Cake for the domestic market from January 2022. The company is currently operating on a B2B business Model and sells Castor Oil and its derivatives.

The company came out with an IPO its shares started trading on October 31, 2023, on the NSE emerge platform.

### Financials (Combined):

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	962.92	1225.09
EBITDA	17.57	35.97
PAT	6.53	16.68
Total Debt	60.77	124.98
Tangible Net worth	69.22	114.81
EBITDA Margin (%)	1.82	2.94
PAT Margin (%)	0.68	1.36
Overall Gearing Ratio (x)	0.88	1.09

\*As per Infomerics' Standards

### Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	40.73	428.78
EBITDA	3.75	11.52
PAT	0.52	5.54
Total Debt	18.10	44.51
Tangible Net worth	0.99	23.66
EBITDA Margin (%)	9.21	2.69
PAT Margin (%)	1.28	1.29
Overall Gearing Ratio (x)	18.34	1.88

\*As per Infomerics' Standards





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Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	5.89	IVR BBB/Stable	-	-	-
3.	Cash Credit	Long Term	35.00	IVR BBB/Stable			
4.	Pledge Loan	Short Term	25.00*	IVR A3+			

\*Includes proposed pledge loan of Rs. 15.00 crore

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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 visit [www.infomerics.com](http://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. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	December 2027	4.54	IVR BBB/ Stable
Term Loan 2	-	-	June 2026	1.35	IVR BBB/ Stable
Cash Credit	-	-	-	35.00	IVR BBB/ Stable
Pledge Loan	-	-	-	25.00*	IVR A3+

\*Includes proposed pledge loan of Rs. 15.00 crore

### Annexure 2: List of companies considered for consolidated analysis:

Name of the company	Consolidation Approach
Rajgor Agro Limited	Full consolidation
Rajgor Castor Derivatives Limited	Full consolidation
Rajgor Proteins Limited	Full consolidation

### Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Rajgor-Castor-jan24.pdf>

### Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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](http://www.infomerics.com)





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