



Press Release

Committed Ispat Private Limited (CIPL)

September 11, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities – Cash Credit	20.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Proposed Long Term Bank Facilities	20.00	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	-	Assigned	Simple
Total	40.00 (Rupees Forty crore only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned its ratings to the bank facilities of CIPL derives strength from improvement in revenue albeit thin profitability margins, comfortable capital structure and experienced promoters. The ratings strengths are, however, constrained by susceptibility to fluctuations in steel prices and intense competition prevalent in the industry.

The outlook is expected to remain stable given the experience of the promoter in steel industry is expected to benefit the company in the near term.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue and profitability margins while maintaining the debt protection metrics may lead to a positive rating action.

Downward Factors

- Any deterioration in revenue and/or profitability margin leading to deterioration in debt protection metrics may lead to a negative rating action.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Improvement in revenue albeit thin profitability margins

CIPL's revenue has improved by 34.80% on y-o-y basis to Rs. 549.15 crore in FY24(Prov.) (refers to period April 1, 2023, to March 31, 2024) driven by higher sales volume and shift of focus from manufacturing to trading during the year as during FY24, CIPL has discontinued manufacturing of HRPO (Hot Rolled Pickled and Oiled) due to higher manufacturing cost and threat of imports as India become a net importers during FY23 which has resulted in lower realizations, and during FY24, CIPL continued with manufacturing of CRCA (Cold Rolled Close Annealed) and was also involved in trading of other steel products. As per management, CIPL will continue to do mix of manufacturing and trading in the medium term. Further, CIPL has achieved revenue of Rs. 178.05 crore in 4MFY25 and is further expected to achieve revenue of Rs. 664.25 crore in FY25(Proj.).

EBITDA margins remained thin though improved to 2.75% in FY24(Prov.) from 0.82% in FY23 due to lower operating cost.

Comfortable capital structure

CIPL's capital structure continued to remain comfortable in FY24(Prov.) with overall gearing and TOL/ Adjusted TNW improved to 0.75x and 1.67x respectively as on March 31, 2024 (Prov.), as against 0.97x and 2.15x respectively as on March 31, 2023 on account of increase in net worth. Further, CIPL's interest coverage ratio and Total debt/ NCA ratio has improved to 2.57x and 6.18 years respectively in FY24(Prov.) from 0.93x and 7.74 years respectively in FY23 due to improved profitability.

Experienced promoters

CIPL is currently managed by Mr. Gurpreet Singh, Mr. Amber Saraf and Mr. Satyavir Singh Bhati having a collective experience of more than a decade in the industry. They are supported by a team of highly qualified individuals. The extensive promoter experience, healthy customer base, and increasing bids will support the business risk profile over the medium term.



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Key Rating Weaknesses

Susceptibility to fluctuations in steel prices

Despite operations of CIPL being order backed, it is susceptible to volatility in the steel prices. This weakness is partially mitigated by the CIPL's ability to pass on the volatility in prices to its customers.

Intense competition prevalent in the industry

The Indian steel trading industry is highly competitive due to low entry barriers and limited product differentiation. Moreover, the steel industry is inherently cyclical in nature and strongly correlated to the economic environment. Further, large scale players benefit from the economies of scale while power costs and limited ability to control market prices constrain the profitability for small sized players. CIPL is expected to mitigate these risks to a certain extent on account of long-standing relationships with the customers and suppliers.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

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

[Criteria on assigning rating outlook](#)

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

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

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to adequately match with debt repayment obligations. The average fund based working capital utilization for 12 months ending July 2024 has been 98.77% for past 12 months. The current ratio and quick ratio stood at 1.34x and 1.29x respectively, as on March 31, 2024.

About the Company

Committed Ispat Private Limited (CIPL) was incorporated in 2004 and is engaged in manufacturing of narrow width CRCA (Cold Rolled Close Annealed) coils and trading of HRPO



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(Hot Rolled Pickled and Oiled) coils, HR (Hot Rolled) Galvanized coils, and sheets along with other steel products. CIPL's manufacturing plant is situated at Haryana with an installed capacity to manufacture 36,000 units of CRCA.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	407.38	549.15
EBITDA	3.36	15.09
PAT	4.07	4.44
Total Debt	47.54	49.37
Tangible Net Worth	48.79	65.90
EBITDA Margin (%)	0.82	2.75
PAT Margin (%)	0.98	0.81
Overall Gearing Ratio (x)	0.97	0.75
Interest Coverage (x)	0.93	2.57

*Calculations as per Infomerics Standard.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	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	20.00*	IVR BBB-/ Stable	--	--	--
2.	Proposed Term Loan	Long Term	5.00	IVR BBB-/ Stable	--	--	--
3.	Proposed Cash Credit	Long Term	15.00	IVR BBB-/ Stable	--	--	--

*Sub-limit of Letter of Credit: Rs. 10.00 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.

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

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	20.00*	IVR BBB-/ Stable



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Proposed Term Loan	-	-	-	5.00	IVR BBB-/ Stable
Proposed Cash Credit	-	-	-	15.00	IVR BBB-/ Stable

*Sub-limit of Letter of Credit: Rs. 10.00 crore.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-committed-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.