



Press Release

Kapilansh Dhatu Udyog Private Limited (KDUPL)

February 10, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	19.83	IVR BB+/Stable (IVR Double B plus with stable outlook)	--	Rating Assigned	Simple
Short Term Bank Facilities	5.00	IVR A4+ (IVR A Four plus)	--	Rating Assigned	Simple
Total	24.83	(Rupees Twenty-Four crore and Eighty-Three 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 Ratings has assigned the rating to the bank facilities of KDUPL derives comfort from comfortable capital structure, moderate debt protection metrics, diversified and reputed clientele, and experienced promoter with well - established track record of operations. However, these ratings are partially offset by the volatile revenue growth thin profitability, elongated working capital cycle, small net worth base and susceptibility to volatility in raw material prices.

The Stable Outlook reflects Infomerics expectations of stable operating performance over FY25-FY27 and the company expected to benefit from experienced promoters.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue and profitability while maintaining current debt protection metrics.

Downward Factors

- Sustained decline in revenue and profitability and/or deterioration in working capital cycle and/or any unplanned debt fund led capex leading to deterioration in credit profile and the liquidity position.



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable capital structure

KDUPL's capital structure improved and remains comfortable with the overall gearing ratio at 1.20x and TOL/TNW at 1.65x respectively as of March 31, 2024 (March 31, 2023: 1.45x and 2.28x respectively). The improvement is primarily due to repayment of term loans and the absence of additional debt. The net worth of KDUPL remained moderate at Rs.18.06 crore as on March 31, 2024 (March 31, 2023: Rs.17.21 crore).

Moderate debt protection metrics

The debt protection metrics marked by interest coverage marginally improved though remain moderate at 2.35x in FY24 (period refers from 01st April 2023 to 31st March 2024) (FY23: 2.11x) due to lower interest cost. Further, the total debt to NCA marginally improved and stood at 7.18 years in FY24 (FY23: 8.74 years) mainly on account of repayment of term loan. Also, the DSCR remained comfortable at 1.26x in FY24. Infomerics expects that the debt protection metrics will improve from FY25 onwards with improvement in profitability and absence of any debt led capex.

Diversified and Reputed Clientele

KDUPL boasts a well-diversified and established customer base, built over more than three decades in the industry. The company's promoters have cultivated strong, long-term relationships with clients across various sectors in India, which has resulted in consistent repeat orders. KDUPL offers a wide range of products, including cast iron spigot and socket pressure pipes, cast iron soil pipes, and earthing electrodes. The clientele includes the state electricity boards, transmission and distribution companies, Solar and Hydro EPC companies etc. The top five customers' accounts for 34.63% in FY24 of the company's total operating income.

Experienced promoter with well - established track record of operations



Press Release

KDUPL has been manufacturing cast iron pipes and fittings for over three decades. The company is promoted by Mohta's Family, its managing director, Navin Mohta along with other directors, Ramesh Dujari, Vijay Patankar, Irfan Makki and Santosh Rahangdale who collectively bring more than 30+ years of experience to the business. They are supported by a highly skilled team of professionals, each with significant expertise in their respective fields.

Key Rating Weaknesses

Volatile revenue growth with moderate profitability

KDUPLs revenue declined by 11.03% to Rs.108.93 crore on Y-o-Y basis during FY24 (FY23: Rs. 122.43 crore) due to higher contribution from low value products in the overall revenue. However, the EBITDA margin improved to 5.94% in FY24 (FY23: 5.21%) largely due lower raw material cost. During H1FY25, the company has reported revenue of at Rs. 77.28 crore (H1FY24: Rs. 66.14 crore) driven by repetitive orders from various EPC companies which led to improvement in EBITDA margin to 6.14% in H1FY25 from 5.90% in H1FY24.

Elongated Working Capital Cycle

The working capital cycle remained elongated with net working capital cycle stood at 103 days at the end of FY24 (FY23: 91 days) due to higher inventory days which stood at 81 at the end of FY24 (FY23:80) as the company stocks higher inventory.

Susceptibility to volatility in raw material prices

Pig iron is the primary raw material for manufacturing casted iron pipes and fitting. The increased volatility in the prices exposes KDUPL to raw material price risks. These prices are highly volatile and influenced by demand – supply conditions in the market. The company does not have price-escalation clauses in its contracts to shield its margin against sharp rise in raw material prices. With material cost being the major contributor to the total cost, the profit margins are susceptible to fluctuation in material prices.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)



Press Release

[Policy 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 remain sufficient to meet the repayment obligations through FY25-FY27. Further, the average fund-based utilisation for last 12 months ended November 2024 stood at 86.55%. The current ratio remains comfortable at 1.49x as on March 31, 2024.

About the Company

Incorporated in 1980 at Nagpur, Maharashtra, KDUPL is into manufacturing of centrifugally cast-iron pipes and fittings and long-lasting cast-iron earthing electrodes marketed as Kapitrode™. The company is promoted by a team of renowned industrialists and run by a team of professional engineers whose sole objective at work is manufacturing the best quality centrifugally cast-iron pipes and fittings.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	122.43	108.93
EBITDA	6.38	6.48
PAT	1.83	1.04
Total Debt	25.01	21.65
Tangible Net Worth	17.21	18.06
EBITDA Margin (%)	5.21	5.94
PAT Margin (%)	1.50	0.96
Overall Gearing Ratio (x)	1.45	1.20
Interest Coverage (x)	2.11	2.35

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

- CRISIL Ratings has continued to classify the bank facilities under the ISSUER NOT CO-OPERATING category on account of non – availability of information vide it's press release dated on May 29, 2024.



Press Release

- CareEdge Ratings has continued to classify the bank facilities under the ISSUER NOT CO-OPERATING category on account of non – availability of information vide it's press release dated on October 03, 2024.

Any other information: Nil

Rating History for last three years:

Sr. No	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned
1.	Term Loan - 1	Long Term	0.38	IVR BB+/Stable	--	--	--
2.	Term Loan – 2	Long Term	4.85	IVR BB+/Stable	--	--	--
3.	Term Loan - 3	Long Term	1.12	IVR BB+/Stable	--	--	--
4.	Term Loan - 4	Long Term	1.48	IVR BB+/Stable	--	--	--
5.	Cash Credit	Long Term	12.00	IVR BB+/Stable	--	--	--
6.	Bank Guarantee	Short Term	4.00	IVR A4+	--	--	--
7.	Letter of Credit	Short Term	1.00	IVR A4+	--	--	--

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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.



Press Release

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: 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 - 1	--	--	--	Nov 2025	0.38	IVR BB+/Stable
Term Loan - 2	--	--	--	Dec 2027	4.85	IVR BB+/Stable
Term Loan - 3	--	--	--	July 2027	1.12	IVR BB+/Stable
Term Loan - 4	--	--	--	Mar 2027	1.48	IVR BB+/Stable
Cash Credit	--	--	--	Revolving	12.00	IVR BB+/Stable
Bank Guarantee	--	--	--	--	4.00	IVR A4+
Letter of Credit	--	--	--	--	1.00	IVR A4+



Press Release

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-kapilanshdhatu-feb25.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.

