



## Press Release

### Rajadhiraj Tirupani Vinayak Natraj Private Limited

May 31, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Proposed Cash Credit	25.00	IVR BBB; Stable (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities – Proposed Letter of Credit	75.00	IVR A3+ (IVR A Three Plus)	Reaffirmed	Simple
<b>Total</b>	<b>100.00</b> <b>(Rupees one hundred crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Rajadhiraj Tirupani Vinayak Natraj Private Limited (RTVNPL) continues to consider the parent subsidiary relationship and close operational and financial linkages between RTVNPL and Raj Rajeshwar Lalita Tripursundari Private Limited (RRLTPL) (commonly referred as Rajadhiraj Group). The ratings also continue to derive comfort from experience of the promoter, backward integration initiatives and comfortable capital structure of the company with strong debt protection metrics. However, these rating strengths continues to remain partially offset by its short track record of operation, dip in scale of operations in FY24 (provisional) albeit improvement in profitability 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 liquidity profile on a sustained basis.



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- 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

#### 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.

##### Backward integration initiatives

RTVNPL floated RRLTPL to start manufacturing of ferro-alloys as a backward integration initiative and to avail the income tax benefits as being a new company RRLTPL will attract income tax rate of 15% only as against applicable rate of 25% for existing companies. The total capex in RRLTPL was funded completely by unsecured loan and preference share capital from RTVNPL. RTVNPL has extended Rs 185.74 Cr as unsecured loan and infused Rs.125 crore as preference share capital in RRLTPL. RRLTPL started commercial production to start from April 2023.

##### Comfortable capital structure with strong debt protection metrics

RTVNPL continues to have a conservative capital structure with strong debt protection metrics on the back of its healthy gross cash accrual. 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 a short track record of operation of around three years. RRLTPL, subsidiary of RTVNPL commenced operation from FY24.

##### Decline in scale of operations in FY24 albeit improvement in profitability

In FY23, the consolidated revenue has marginally declined by ~8.50% to Rs. 3114.63 crore from Rs.3405.58 crore in FY22 due to decline in sales realisation of ferro alloys. Further, in view of dip in sales realization and volume sales the combined revenue stood at ~Rs.2046 crore in FY24 (Prov.). The EBITDA margin has declined from 11.36% in FY22 to 3.64% in FY23 driven by downward correction in ferro alloy prices during the year. However, the same has improved from 3.64% in FY23 to 5.24% in FY24 (Prov.) mainly on the back of commencement of operation in RRTLPL.



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### **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: Combined**

For arriving at the rating, Infomerics has combined the financial risk profiles of Rajadhiraj Tirupani Vinayak Natraj Private Limited and Raj Rajeshwar Lalita Tripursundari Private Limited referred as Rajadhiraj group as these entities are under a common management with a parent subsidiary relationship and proposed to have strong operational linkages and cash flow fungibility. The list of companies considered for consolidation are given in Annexure 2.

### **Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria of assigning rating outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

[Consolidation of Companies](#)

### **Liquidity – Adequate**

The liquidity profile is expected to remain adequate marked by its expected satisfactory cash accruals in the range of Rs.97.66 crore - Rs.116.82 crore during FY25-FY27 vis a-vis its debt repayment obligations ranging of Rs.1.54 crore – Rs. 2.60 crore. Further, on the back of its comfortable capital structure, the company has adequate gearing headroom which imparts adequate liquidity buffer.

### **About the Group**

Rajadhiraj Group comprising Rajadhiraj Tirupani Vinayak Natraj Private Limited and Raj Rajeshwar Lalita Tripursundari Private Limited is promoted by the highly reputed Mr. Rohit Agarwal & Family. Raj Rajeshwar Lalita Tripursundari Private Limited is a wholly owned



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(100%) subsidiary of Rajadhiraj Tirupani Vinayak Natraj Private Limited. RRLTPL started commercial production from April 2023.

### **About the Company**

Rajadhiraj Tirupani Vinayak Natraj Private Limited 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. The group promoter, Mr. Rohit Agrawal, has been engaged in the business of Iron & Steel trading over two decades by virtue of he is being the director of a company named Rohit Iron & Steel Pvt Ltd, engaged in steel trading. Richfield Packaging Pvt Ltd (RPPL) is holding company of RTVNPL. RPPL is engaged in steel trading and holds 100% share of RTVNPL.

### **Financials (Combined):**

(Rs. crore)

For the year ended* / As on	31-03-2022	31-03-2023
	Combined	Combined
Total Operating Income	3405.58	3114.63
EBITDA	386.87	113.34
PAT	314.41	116.05
Total Debt	7.23	7.84
Tangible Net worth	318.49	434.75
EBITDA Margin (%)	11.36	3.64
PAT Margin (%)	9.23	3.72
Overall Gearing Ratio (x)	0.02	0.02
Interest Coverage	187.53	34.11

\*Classification as per Infomerics' standards

### **Financials (Standalone):**

(Rs. crore)

For the year ended* / As on	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	3405.58	3114.63
EBITDA	386.97	114.18
PAT	314.51	116.89
Total Debt	0.00	6.74
Tangible Net worth	116.26	-32.01
EBITDA Margin (%)	11.36	3.67
PAT Margin (%)	9.23	3.75
Overall Gearing Ratio (x)	0.00	-0.21
Interest Coverage	187.57	34.36

\*Classification 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:

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 (Mar 30, 2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Proposed Cash Credit	Long Term	25.00	IVR BBB; Stable	-	IVR BBB; Stable	-
2.	Proposed Letter of Credit	Short Term	75.00	IVR A3+	-	IVR A3+	-

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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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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Cash Credit	-	-	-	25.00	IVR BBB; Stable
Proposed Letter of Credit	-	-	-	75.00	IVR A3+

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

Name of Company	Extent of Consolidation
Rajadhiraj Tirupani Vinayak Natraj Private Limited (RTVNPL)	Full
Raj Rajeshwar Lalita Tripursundari Private Limited (RRLTPL)	Full

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Rajadhiraj-may2024.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).