



Press Release

Rudra Global Infra Products Limited

December 28, 2023

Ratings

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	118.76 (reduced from 124.89)	IVR BBB/ Stable (IVR triple B with Stable outlook)	Revised from IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Simple
Total	118.76 (One hundred eighteen crore and seventy six lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The revision of the ratings assigned to the bank facilities of Rudra Global Infra Products Limited (RGIPL) considers improvement in financial performance in FY2023 and H1FY2024 (unaudited) led by an increase in production capacity for TMT bars in February 2023 and an improvement in leverage ratios coupled with improvement in debt protection metrics in FY2023 and H1FY24 (unaudited). Further, the rating continues to derive strength from experienced promoters, established brand with strong distribution network and locational advantage of manufacturing unit. However, these rating strengths continues to remain partially offset by susceptibility of profitability to volatility in raw material prices, exposure to cyclicity associated with the steel industry, exposure towards group company in the form of corporate guarantee and working capital intensive nature of operations.

Key Rating Sensitivities:

Upward Factors



Press Release

- Significant improvement in scale of operations with continuous inflow of orders and improvement in profitability leading to improvement in cash accruals on a sustained basis.
- Sustenance of the capital structure with improvement in TOL/TNW and improvement in debt protection metrics with interest coverage ratio.
- Improvement in liquidity with improvement in the operating cycle and improvement in average working capital utilisation.

Downward Factors

- More than expected moderation in the scale of operations and/or deterioration in profit margin impacting the liquidity and debt coverage indicators.
- Withdrawal of subordinated unsecured loans and/or moderation in the capital structure with deterioration in overall gearing.
- Significant elongation of collection period beyond Infomerics' expectation which may adversely impact the liquidity position.
- Any liability arising out of corporate guarantee extended to the group company.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Improvement in financial performance with improvement in profitability in FY23 and H1FY24 (unaudited)**

Total operating income (TOI) of the company registered y-o-y growth of ~29% and improved to Rs.453.89 crore in FY23 from Rs. 350.64 crore in FY22 on account of healthy demand for TMT bar with rise in the demand from construction and infrastructure sector and the increase in production capacity of TMT bars to 1,20,000 MTPA in February 2023 from 60,000 MTPA prior to that. EBIDTA increased 11.56% y-o-y to Rs. 33.34 crore and PAT was up 64.47% y-o-y to Rs. 13.88 crore. In H1FY24 (unaudited) RGIPL has earned a topline of Rs. 273.27 crore which was ~36% up y-o-y. EBITDA was up 39% y-o-y to Rs. 23.15 crore. RGIPL has earned net profit of Rs.12.14 crore up ~47% yoy. Going forward, the topline and profit are expected to remain firm given the increased scale of operations along with strong demand for the company's products.



Press Release

- **Improvement in leverage ratios coupled with improvement in debt protection metrics in FY23 and H1FY24 (unaudited)**

Considering the loan from friends and relatives aggregating to Rs.15 crore as quasi equity, the Overall Gearing and Long-Term Debt to Equity stood 0.93x and 0.22x as on March 31, 2023 and improved from 1.29x and 0.41x respectively as on March 31, 2022 with reduction in term loan and accretion of profit to the net worth. Total indebtedness of the company as indicated by TOL/ATNW improved to 1.89x as on March 31, 2023, from 2.51x as on March 31, 2022 on the back of improvement in profitability. Debt protection metrics of the company remained satisfactory with improvement in interest coverage ratio to 2.28x in FY23 and improved from 1.82x in FY22. Total debt by GCA also improved to 6.02x in FY23 from 8.95x in FY22. DSCR remained comfortable and improved to 1.95x in FY23 from 1.30x in FY22 backed by rise in gross cash accruals. In H1FY24 (unaudited), the company's overall gearing ratio improved to 0.85 times as on Sep 30, 2023, from 0.94 times as on Sep 30, 2022. Interest coverage improved to 3.05x in H1FY24 (unaudited) from 2.14x in H1FY23 due to increase in EBITDA coupled with a decline in interest cost. Going forward, Infomerics believes that the capital structure of the company is likely to remain conservative led by absence of any debt laden capital investment and accretion of profit to networth.

- **Experienced promoters**

RGIPL is promoted by Mr. Ashok Kumar Gupta who has over 30 years of experience in the steel sector and has been instrumental in setting up the manufacturing facility at Bhavnagar. His son Late Mr. Nikhil Gupta had been associated with the company since inception, however after his demise Mr. Sahil Gupta took over as the Managing Director of the Company in June 2021. Mr. Sahil Gupta has over 8 years of experience in the steel sector and looks after the overall operations of the company. The promoters are supported by a qualified and experienced management team, in managing the day-to-day affairs of the company.

- **Established brand with strong distribution network**

RGIPL has been operational in the steel industry for more than a decade and has established healthy relationships with both customers and suppliers. The Company procures MS Scrap, its primary raw material from various traders and ship breakers in Gujrat and has built a strong network of dealers and distributors in the state for sale of TMT Bars and Billets. The company markets its products under the brand "Rudra TMX". The company has nearly 350 dealers throughout Gujarat and border of Gujarat and Rajasthan.



Press Release

- **Locational advantage of manufacturing unit**

The location of the Billet plant & TMT Bar Plant and proposed Billet Plant is very strategically placed since it is located at the brink of Bhavnagar-Ahmedabad Highway. The location is merely 20 Kms away from the main business centre of Bhavnagar and would provide excellent logistical support to the company for movement of goods. Company manufacturing unit is located at around 50 kms from Alang Ship Breaking Yard thus the location is strategically advantageous. There are many steel industries nearby from where raw materials are easily made available. The location of the plant is surrounded by states like Maharashtra, Rajasthan, and Madhya Pradesh, which are producing ample quantity of iron and steel raw material. So, the basic raw materials for present as well as proposed products are all indigenously available at short notice and in required quantity and quality. The location of plant is important for the smooth and economical operation of the industrial unit.

Key Rating Weaknesses

- **Susceptibility of profitability to volatility in raw material prices**

The degree of backward integration defines the ability of the company to withstand cyclical downturns generally witnessed in the steel industry. Major raw material required for the company is Ms scrap which it procures from traders and ship breakers in Gujrat. Raw-material cost accounted over ~75% of net sales in the last three fiscals. Since raw material is the major cost driver, the prices of which are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material prices. Further, finished steel prices are also highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors.

- **Exposure to cyclicity associated with the steel industry**

The domestic steel industry is cyclical in nature which is likely to impact the cash flows of the steel players, including RGIPL. The steel industry is cyclical in nature and has witnessed prolonged periods where it faced a downturn due to excess capacity leading to a downtrend in the prices. The company's operations are thus vulnerable to any adverse change in the demand-supply dynamics.

- **Exposure towards group company in the form of corporate guarantee**



Press Release

The company has exposure in the form of Corporate Guarantees of Rs. 88.00 crore in favour of ILC/FLC bank facility availed by Rudra Green Ship Recycling Private Limited (RGSRPL), one of its group companies. Any crystallisation of such liability may impact the company's liquidity profile.

- **Working capital intensive nature of operations**

The operations of the company are working capital intensive as reflected by the elongated operating cycle of 126 days in FY23 though the same improved from 183 days in FY22. The elongated working cycle is due to its high average inventory holding period. The company's inventory level is high as they are required to hold inventory as the raw material available from Alang, the nearest ship breaking yard is cyclical i.e. when the ships are available for breaking and the stock is available for purchase the company stocks inventory. There are a number of players who depend on Alang ship break yard to procure raw materials. Since at times the raw material is available in bulk at low prices so the company takes advantage of the same.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing companies](#)

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

[Criteria for assigning Rating outlook](#)

Liquidity - Adequate

The liquidity position of the company is expected to remain adequate on account of its adequate expected accruals as against repayment obligations over the projected tenure of FY24 to FY26. However, RGIPL's operations are working capital intensive as reflected in high utilization of its fund based working capital limits for the past twelve months through November 2023 at ~94%. Further, absence of any capex plans provides further cushion to the liquidity position. The company also has a free cash balance including free FDs of Rs. 6.67 crore. The company has no capex plans there will be only maintenance and repairs capex so there will be no debt loading thus cash flow liquidity will remain in the company.

About the Company



Press Release

Rudra Global Infra Products Limited (RGIPL), formerly known as MD Inducto Cast Limited, was incorporated in 2010 in Bhavnagar, Gujrat. The company is engaged in manufacturing of billets and TMT Bars and has an installed capacity of 1,20,000 MTPA each for billets and TMT bars. The company sells its products under the brand name, 'Rudra TMX' and mostly operates in the state of Gujarat through its network of dealers and distributors. The company is listed on BSE.

Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023	H1FY23	H1FY24
	Audited	Audited	Unaudited	Unaudited
Total Operating Income	350.64	453.89	201.68	273.27
EBITDA	29.88	33.34	16.67	23.15
PAT	8.44	13.88	8.25	12.14
Total Debt	120.25	100.10	95.72	102.24
Tangible Net worth	78.50	92.91	86.75	105.06
Adjusted Tangible Net worth	93.50	107.91	101.75	120.06
EBITDA Margin (%)	8.52	7.35	8.27	8.47
PAT Margin (%)	2.41	3.06	4.09	4.44
Overall Gearing Ratio (x)	1.29	0.93	0.94	0.85

*As per Infomerics' Standards

Status of non-cooperation with previous CRA: CRISIL has maintained the company in "Issuer not Cooperating" category due to non-availability of information via PR dated July 31, 2023.

Any other information: Nil

Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (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
					October 12, 2022	July 29, 2022	December 31, 2021	May 6, 2021	
1.	Term Loan	Long Term	2.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Positive	IVR BB+/ Positive	IVR BB ISSUER NOT	-



Press Release

Sr. No.	Name of Instrument/Facilities	Current Ratings (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
					October 12, 2022	July 29, 2022	December 31, 2021	May 6, 2021	
								COOPERATING*	
2.	GECL	Long Term	18.76	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Positive	IVR BB+/ Positive	IVR BB ISSUER NOT COOPERATING*	-
4.	Cash Credit	Long Term	80.00^	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Positive	IVR BB+/ Positive	IVR BB ISSUER NOT COOPERATING*	-
5.	Bank Guarantee	Long Term	18.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Positive	IVR BB+/ Positive	IVR BB ISSUER NOT COOPERATING*	-

*Issuer did not cooperate; based on best available information

^LC of Rs. 67.00 crore is a sublimit of CC

Name and Contact Details of the Rating Analyst:

Name: Mr. Sandeep Khaitan

Tel: (033) 46022266

Email: sandeep.khaitan@infomerics.com

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



Press Release

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 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. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	January 2026	2.00	IVR BBB/ Stable
GECL 1	-	-	March 2026	7.85	IVR BBB/ Stable
GECL 2	-	-	October 2025	10.91	IVR BBB/ Stable
Cash Credit	-	-	-	80.00*	IVR BBB/ Stable
Bank Guarantee	-	-	-	18.00	IVR BBB/ Stable

* LC of Rs. 67.00 crore is a sublimit of CC

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details: [len-RGIPL-dec23.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



Press Release

