

Press Release

Guru Rajendra Metals Private Limited

February 01, 2022



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.95	ACUITE BBB- Reaffirmed & Withdrawn	-
Bank Loan Ratings	9.00	-	ACUITE A3+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	9.95	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and the short term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.9.95 crore bank facilities of Guru Rajendra Metals Private Limited (GRMPL).

The rating withdrawal is in accordance with Acuite's policy on withdrawal of ratings. The rating is being withdrawn on account of request received from the company and no objection certificate (NOC) received from the banker.

About the Company

Mumbai based, Guru Rajendra Metals Private Limited (GRMPL) was incorporated in 1975 by Late Mr. Parasmal Jain. Currently, the company is managed by Mr. Surendra B. Mehta. The company is engaged in trading of aluminium sheets, coils, wire rods and ingots, among others in the Maharashtra and Madhya Pradesh Region majority of Hindalco Industries Limited.

Analytical Approach

Acuite has considered consolidated business and financial risk profile of Guru Rajendra Metals Private Limited and Jugraj Tejraj Agency Private Limited; together referred as 'JTGR group' to arrive at a rating. The consolidation is in the view of similarity in the line of business and common management. Extent of consolidation: Full.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

JTGRG founded in 1972 has an operational track record of over four decades in the aluminium trading industry, thereby resulting in establishing long standing relationship with client. The directors of the group possess more than 2 decades of experience in the industry.

Improvement in profitability margin

The net profit improved during FY21 to Rs.1.88 crore vis-à-vis Rs.1.83 crore in FY20, despite decline in total operating income. The PBILDT margin also improved to 1.24% in FY21 from 0.91% in FY20. The PAT margin improved from 0.29% in FY20 to 0.48% in FY21.

Comfortable financial risk profile

The capital structure of the group as represented by Debt-equity ratio remained below unity as on March 31, 2021. The interest coverage ratio, however improved to 2.07 times during FY21 against 1.97 times in FY20 mainly due to decline in interest cost. The Net Cash Accruals to total debt also improved to 0.13 times during FY21 against 0.09 times in FY20, backed by increase in net cash accruals. The debt-EBITDA remained at similar level, with marginal improvement at 3.17 times during FY21 as against 3.67 times during FY20. The total outstanding liability to tangible net worth remained at similar level at 0.61-0.63 times during FY20-21.

Efficient working capital management

The Gross Current asset days remained at 56 days during FY21 as against 32 days in FY20, mainly due to both increase in current asset and decline in total operating income. Similarly, the debtors' days also increased from 17 days in FY20 to 31 days in FY21; due to increase in outstanding debtors as on March 31, 2021 and decline in total operating income. The creditors days remained at 3 days in FY21.

Weaknesses

Subdued financial performance in FY21

The group reported total operating income of Rs.389.85 crore in FY21 against Rs.549.16 crore in FY20, reporting y-o-y de growth of ~29% during the year mainly due to impact of COVID-19 wherein the economy witnessed slowdown in Q1FY21. The operating profit, however remained at similar level and at Rs.4.82 crore in FY21 against Rs.4.98 crore in FY20.

ESG Factors Relevant for Rating

Not Applicable

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity: Adequate

The net cash accrual of the group remained at Rs.2.15 crore during FY21 as against Rs.1.93 crore during FY20. Further, the group maintains cash and bank balance of Rs.6.93 crore as on March 31, 2021. The current ratio remained at 6.86 times as on March 31, 2021.

Outlook: Stable

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	389.85	549.16
PAT	Rs. Cr.	1.88	1.60
PAT Margin	(%)	0.48	0.29
Total Debt/Tangible Net Worth	Times	0.41	0.49
PBDIT/Interest	Times	2.07	1.97

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Liquidity: Adequate

- Trading Entitle: <https://www.acuite.in/view-rating-criteria-61.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument<https://www.acuite.in/view-rating-criteria-55.htm>**Rating History**

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Nov 2020	Letter of Credit	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	0.95	ACUITE BBB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	4.00	ACUITE A3+ (Reaffirmed)
19 Aug 2019	Letter of Credit	Short Term	5.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee	Short Term	4.00	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	0.95	ACUITE BBB- Stable (Reaffirmed)
18 Jun 2018	Letter of Credit	Short Term	5.00	ACUITE A3+ (Assigned)
	Bank Guarantee	Short Term	4.00	ACUITE A3+ (Assigned)
	Secured Overdraft	Long Term	0.95	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Central Bank of India	Not Applicable	Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A3+ Reaffirmed & Withdrawn
Central Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE A3+ Reaffirmed & Withdrawn
Central Bank of India	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	0.95	ACUITE BBB- Reaffirmed & Withdrawn

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About Acuité Ratings & Research

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 8,850 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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