



Press Release

Rathi Steel and Metal Private Limited (Erstwhile Rajuri Steels Private Limited)
September 26, 2023

| Product | Amt(Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|---------|---|---|
| Bank Loan Ratings | 110.04 | ACUITE BB+ Downgraded Issuer not co-operating* | - |
| Bank Loan Ratings | 10.46 | - | ACUITE A4+ Downgraded Issuer not co-operating* |
| Total Outstanding Quantum (Rs. Cr) | 120.50 | - | - |

Rating Rationale

Acuite has downgraded its long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**)' from **Acuite Triple B (Read as Acuite Triple B)** & short term rating to **ACUITE A4+** '(read as **ACUITE A four plus**)' from **Acuite A3+ (Read as Acuite A Three Plus)** on the Rs 120.50 crore bank facilities of Rathi Steel & Metal Private Limited. This rating is now an indicative rating and is based on best available information and downgraded on account of information risk.

About the Company

RSMPL (erstwhile Rajuri Steels Private Limited) incorporated in the year 1990 and promoted by Mr. Dinesh Rathi is engaged in the manufacturing of mild steel billets and ThermoMechanically Treated (TMT) bars. The manufacturing facility is located at Jalna (Maharashtra) with an installed capacity of 2, 28,000 tonnes per annum (TPA) for TMT rolling and 2,16,000 TPA for MS Billets. The products are sold through 850 dealers across Maharashtra, Gujarat, Madhya Pradesh and Goa, under the 'Icon Steel' brand.

Standalone (Unsupported) Rating

Not Applicable

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavoured to gather information about the entity/ industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit ratings are based.

Rating Sensitivities

"No information provided by the issuer / available for Acuite to comment upon."

Not Applicable

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

| Particulars | Unit | FY 22 (Actual) | FY 21 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 783.14 | 380.94 |
| PAT | Rs. Cr. | 16.37 | 7.72 |
| PAT Margin | (%) | 2.09 | 2.03 |
| Total Debt/Tangible Net Worth | Times | 0.77 | 0.54 |
| PBDIT/Interest | Times | 4.09 | 2.73 |

Status of non-cooperation with previous CRA

Not Applicable

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|------------|-----------------|--|
| 11 Jul 2022 | Bank Guarantee | Short Term | 5.00 | ACUITE A3+ (Reaffirmed) |
| | Bank Guarantee | Short Term | 2.00 | ACUITE A3+ (Assigned) |
| | Cash Credit | Long Term | 32.50 | ACUITE BBB Stable (Reaffirmed) |
| | Proposed Bank Facility | Short Term | 0.46 | ACUITE A3+ (Reaffirmed) |
| | Term Loan | Long Term | 17.00 | ACUITE BBB Stable (Reaffirmed) |
| | Bank Guarantee | Short Term | 3.00 | ACUITE A3+ (Assigned) |
| | Cash Credit | Long Term | 30.00 | ACUITE BBB Stable (Assigned) |
| | Cash Credit | Long Term | 10.00 | ACUITE BBB Stable (Reaffirmed) |
| | Term Loan | Long Term | 20.54 | ACUITE BBB Stable (Reaffirmed) |
| 27 Jun 2022 | Cash Credit | Long Term | 10.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Term Loan | Long Term | 17.00 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Cash Credit | Long Term | 32.50 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Bills Discounting | Short Term | 5.00 | ACUITE A3+ (Upgraded from ACUITE A3) |
| | Term Loan | Long Term | 20.54 | ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable) |
| | Proposed Bank Facility | Short Term | 0.46 | ACUITE A3+ (Upgraded from ACUITE A3) |
| 31 Mar 2021 | Letter of Credit | Short Term | 2.00 | ACUITE A3 (Upgraded from ACUITE A4+) |
| | Bank Guarantee | Short Term | 7.00 | ACUITE A3 (Upgraded from ACUITE A4+) |
| | Term Loan | Long Term | 30.39 | ACUITE BBB- Stable (Upgraded from ACUITE BB) |
| | Cash Credit | Long Term | 32.50 | ACUITE BBB- Stable (Upgraded from ACUITE BB) |
| | Proposed Bank Facility | Long Term | 13.61 | ACUITE BBB- Stable (Upgraded from ACUITE BB) |
| 17 Feb 2021 | Term Loan | Long Term | 40.00 | ACUITE BB (Downgraded and Issuer not co-operating*) |
| | Letter of Credit | Short Term | 6.00 | ACUITE A4+ (Issuer not co-operating*) |
| | Cash Credit | Long Term | 32.50 | ACUITE BB (Downgraded and Issuer not co-operating*) |
| | Bank Guarantee | Short Term | 7.00 | ACUITE A4+ (Issuer not co-operating*) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|---------------------------------|----------------|-----------------------------------|------------------|----------------|----------------|------------------|-------------------|---|
| Cosmos Bank | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | Simple | 5.00 | ACUITE A4+ Downgraded Issuer not co-operating* |
| Cosmos Bank | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | Simple | 2.00 | ACUITE A4+ Downgraded Issuer not co-operating* |
| Janata Sahakari Bank Ltd (Pune) | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | Simple | 3.00 | ACUITE A4+ Downgraded Issuer not co-operating* |
| Janata Sahakari Bank Ltd (Pune) | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 30.00 | ACUITE BB+ Downgraded Issuer not co-operating* |
| Cosmos Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 32.50 | ACUITE BB+ Downgraded Issuer not co-operating* |
| HDFC Bank Ltd | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 10.00 | ACUITE BB+ Downgraded Issuer not co-operating* |
| Not Applicable | Not Applicable | Proposed Short Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | Simple | 0.46 | ACUITE A4+ Downgraded Issuer not co-operating* |
| HDFC Bank Ltd | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 17.00 | ACUITE BB+ Downgraded Issuer not co-operating* |
| Cosmos Bank | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 20.54 | ACUITE BB+ Downgraded Issuer not co- |

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Contacts

| Analytical | Rating Desk |
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| Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Suman Paul Analyst-Rating Operations Tel: 022-49294065 suman.paul@acuite.in | Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in |

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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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