January 23, 2023

Rajoo Engineers Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Term loan	13.90	13.90	[ICRA]A- (Stable); withdrawn
Long term – Cash Credit	18.00	18.00	[ICRA]A- (Stable); withdrawn
Short term – Export Packing Credit	(18.00)^	(18.00)^	[ICRA]A2+; withdrawn
Total	**31.90**	**31.90**	

**Instrument details are provided in Annexure I; ^ sublimit of cash credit*

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Rajoo Engineers Limited (REL) at the request of the company and based on the no-objection certificates received from the bankers. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link:
Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the company's standalone financial profile

About the company

Established in 1986, Rajoo Engineers Limited (REL) is promoted by Mr. C.N. Doshi and Mr. R.N. Doshi. It manufactures plasticextrusion machinery at its plant in Veraval (Shapar), in the district of Rajkot, Gujarat. The promoters of REL have three-decade experience in the plastic-extrusion industry. This experience along with the requisite technical expertise helps REL to procure raw materials at competitive prices and continuously innovate in extrusion machineries. The company designs and manufactures machines and offers customised solutions as per customers' requirement. Its current product portfolio includes a wide range of extrusion machinery, including mono and multilayer-blown film lines, sheet-extrusion lines, thermoforming machines, non-woven fabric machines, polyvinyl chloride (PVC) pipeline machines, drip-irrigation machines and woodenplastic composite (WPC) machines, which can process a wide range of polymers.

Rajoo Bausano Extrusion Private Limited (REBPL) – Joint Venture
To achieve proficiency in PVC pipeline machinery and develop wooden plastic composite (WPC) manufacturing machinery, REL entered into a joint venture with Bausano & Figli, Italy and formed Rajoo Bausano Extrusions Pvt Ltd. REL owns 49% shares of the said entity while the remaining shareholding is of Bausano & Figli.

Key financial indicators

	FY2021	FY2022	H1FY2023
Operating Income (Rs. crore)	152.25	172.30	51.85
PAT (Rs. crore)	10.40	14.80	3.07
OPBDIT/OI (%)	12.3%	12.2%	8.5%
RoCE (%)	19.6%	22.5%	8.8%
Total Outside Liabilities/Tangible Net Worth (times)	0.9	0.6	0.8
Total Debt/OPBDIT (times)	0.2	0.0	0.0
Interest Coverage (times)	19.0	65.7	39.6
DSCR (times)	4.9	9.0	43.1

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2023)				Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Jan 31, 2022 (Rs. crore)	Current rating	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
					Jan 23, 2023	Nov 09, 2021	Sep 28, 2020	Nov 26, 2019
1	**Term Loan**	Long-Term	13.90	2.41	[ICRA]A- (Stable); withdrawn	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
2	**Cash Credit**	Long-Term	18.00	-	[ICRA]A- (Stable); withdrawn	[ICRA]A- (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)
3	**Export Packing Credit**	Short-Term	(18.00)	-	[ICRA]A2+; withdrawn	[ICRA]A2+	[ICRA]A2	[ICRA]A2

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Term Loan	Simple
Long term – Cash Credit	Simple
Short term – Export Packing Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term – Term Loan	FY2017	NA	~FY2022*	13.90	[ICRA]A- (Stable); withdrawn
NA	Long term – Cash Credit	NA	NA	NA	18.00	[ICRA]A- (Stable); withdrawn
NA	Short term – Export Packing Credit	NA	NA	NA	(18.00)	[ICRA]A2+; withdrawn

Source: *Company; Note: Amount in Rs. Crore; * Company plans to clear all the outstanding term loans in the current fiscal*

Annexure-II: List of entities considered for consolidated analysis-Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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