

January 23, 2023

## Rajoo Engineers Limited: Ratings withdrawn

### Summary of rating action

| Instrument*                        | Previous Rated Amount<br>(Rs. crore) | Current Rated Amount<br>(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loan              | 13.90                                | 13.90                               | [ICRA]A- (Stable); withdrawn |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Credit            | 18.00                                | 18.00                               | [ICRA]A- (Stable); withdrawn |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term – Export Packing Credit | (18.00)^                             | (18.00)^                            | [ICRA]A2+; withdrawn         |
| <b>Total</b>                       | <b>31.90</b>                         | <b>31.90</b>                        |                              |

\*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ICRA has withdrawn the ratings assigned to the bank facilities of Rajoo Engineers Limited (REL) at the request of the company and based on the no-objection certificates received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rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn.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 | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Policy on withdrawal of Credit Ratings</a> |
| 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 plastic extrusion 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 wooden plastic 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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