



## Rating Rationale

### Raja Insulations & Refractories Pvt Ltd

15th February 2018

### Brickwork Ratings Reaffirmation ratings for the bank loan facilities of Rs.8.00 Crs of Raja Insulations & Refractories Pvt Ltd

#### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating	
	Previous	Present		Previous	Present
<u>Fund Based</u>					
Cash Credit	2.00	2.50	Long Term	BWR B (Pronounced as BWR single B) Outlook - Stable	BWR B (Pronounced as BWR single B) Reaffirmation Outlook - Stable
Term Loan	-----	0.50			
<u>Non Fund Based</u>					
Letter of credit	1.00	2.00	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four) Reaffirmation
Bank Guarantee	1.25	3.00			
Total	4.25	8.00	(INR Eight Crores only)		

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17 and projected financials of FY18 Raja Insulations & Refractories Pvt Ltd, publicly available information and information/clarifications provided by the company.

The ratings reflect the extensive industry experience of the directors and competent management, long track record of operations with established clientele and consistent growth in revenues. The ratings are, however, constrained by modest scale of operations, low net worth, highly fragmented and competitive nature of the industry with exposure to volatility in raw material. Increase in profitability and its adaptability to overcome any adverse effects with the industry in a competitive environment shall remain as the key rating sensitivities.



### Rating Outlook: Stable

BWR believes the **Raja Insulations & Refractories Pvt Ltd** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Raja Insulations & Refractories, Pvt Ltd, launched in the year 1992 as a partnership firm by and converted into private limited company in the year 2012. They offer services like Hot Insulation, cold insulation and refractories to industries engaged/manufacturing of heat transfer products and systems, sugar plants, chemical & petrochemical plants, oil & gas projects, captive power plants, energy conservation systems, co-generation plants, bio fertilizer & bio gas plants and paper industries

### Company Financial Performance

Particulars	FY14 (Actuals)	FY15 (Actuals)	FY16 (Actuals)	FY17 (Actuals)
<b>Total Income (In Crs)</b>	9.92	7.18	11.15	15.20
<b>EBIDTA (In Crs)</b>	0.73	0.73	0.43	0.77
<b>PAT (In Crs)</b>	0.19	0.13	0.08	0.12
<b>Net worth (In Crs)</b>	1.08	1.11	1.16	1.55
<b>Total Debt / TNW (Times)</b>	2.83	2.77	2.24	2.01
<b>Current Ratio (Times)</b>	1.37	1.32	1.22	1.18

**Rating History for the last three years: (including withdrawn/suspended ratings)**

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	2017 (Jan 2017)	2016	2015
1.	Cash Credit	Long Term	2.50	BWR B	BWR B	-	-
2.	Term-loan		0.50	Reaffirmation Outlook - Stable			
3.	Bank Guarantee	Short Term	3.00	BWR A4	BWR A4	-	-
4.	Letter of Credit		2.00	Reaffirmation			
<b>Total</b>			8.00	(INR Eight Crores only)			

**Status of non cooperation with Previous CRA : Non Applicable**

**Any other information: Non Applicable**

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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For print and digital media



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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.