Rajputana Industries Limited

May 29, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	21.77 (Reduced from 26.77)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	17.03	CARE BBB+; Stable / CARE A3+	Reaffirmed
Short-term bank facilities	31.20 (Enhanced from 26.20)	CARE A3+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Rajputana Industries Limited (RIL) derives strength from strong operational and financial linkages with its parent, Shera Energy Limited (SEL), vast experience of its promoter and the group's long track record of operations in the metal industry and its diversified product portfolio. Ratings also factor in volume driven growth in scale of operations and adequate liquidity of the company, further aided by receipt of IPO proceeds in H1FY25(FY refers to the period between April 01 and March 31).

The rating also factors in the expected benefits from the ongoing capital expenditure on product diversification, which is now expected to commence operations in July 2025, against earlier estimate of April 2025.

The above rating strengths, however, are partially offset by RIL's moderate profitability which is further susceptible to volatility in input prices, its moderate financial risk profile and prevalent competition in the non-ferrous metal industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume driven growth in scale of operations leading to total operating income (TOI) above ₹650 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 4.50% on a sustained basis.
- Improvement in debt coverage indicators and liquidity cushion marked by PBILDT interest coverage above 3x on a sustained basis and total debt/PBILDT below 4x on a sustained basis.
- Improvement in overall gearing below 1x on a sustained basis.

Negative factors

- Large size debt funded capital expenditure or higher-than-envisaged increase in working capital intensity leading to deterioration in overall gearing above 2x on a sustained basis and stress on debt coverage indicators and liquidity position of the company.
- Deterioration in PBILDT interest coverage below 1.75x on a sustained basis.

Analytical approach: Standalone, factoring in linkages with the parent company, Shera Energy Limited (SEL)

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CARE Ratings) expectations that RIL will continue to benefit from it being a part of Shera group and its established relationship with different clientele. Expansion of product portfolio shall support growth in its scale of operations going forward.

Detailed description of key rating drivers:

Key strengths

Part of Shera group having an established track record of operations with diversified product portfolio

RIL is a subsidiary of SEL, collectively referred to Shera group, which was promoted by Sheikh Nassem, who has over two decades' experience in the non-ferrous metal industry. RIL specialises in the scrap recycling of non-ferrous metals, such as copper, aluminium, and brass. RIL is engaged in manufacturing copper, aluminium and brass extruded and drawn products such as billets/ingots, tubes/pipes, hollow/solid rods, sections and profiles among others.

Though initially, it sold majority output to group companies, the portion of third-party sales has increased from FY24 onwards. RIL benefits from it being a part of Shera group and its established relationship with different clientele.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Continuous increase in capacity utilisations leading to volume driven growth in TOI

RIL's TOI grew at a compound annual growth rate (CAGR) of 16% over the last five years, ending FY24 (Standalone). In FY24, RIL's TOI grew by 28% year-over-year (y-o-y) to ₹326.52 crore, driven by a 29.44% growth in sales volumes to 6,594 metric tonne per annum (MTPA) in FY24 from 5,094 MTPA in FY23. RIL's capacity utilisation stood healthy at 89% in H1FY25 against 49% in FY20. In FY24, RIL's sales to third parties (other than group companies) has increased to 45% TOI against 9% in FY23.

In 9MFY25 (provisional), RIL reported a TOI of ₹403 crore, compared to ₹217 crore in 9MFY24, supported by higher sales volume and increase in sales realisation. CARE Ratings expects RIL to sustain its volume growth and achieve a TOI of ~₹550 crore in FY25 against earlier estimates of ₹500 crore.

Expansion of value-added product portfolio, despite healthy off-take from same shall remain key monitorable

RIL has set up a plant to manufacture nickel-based alloys, copper cables and wires, and aluminium conductors with an installed capacity of ~2700 MTPA. The total cost of the capex (including installation of rooftop solar) was estimated at ₹23.15 crore which is downsized to ₹20 crore owing to savings in procurement of machineries, to be funded through a mix of debt and internal accruals. Till March 31, 2025, the company has incurred cost of ~₹14.91 crore.

However, CARE Ratings takes note of time overrun of around three months in commencement of the operations owing to delay in delivery of annealing and drawing machine. Commercial production is expected to commence from Q2FY26.

Scaling up of operations, and achievement of envisaged TOI and profitability and effective management of incremental working capital requirements, will be key monitorable from the credit perspective

Key Weaknesses

Low value-added products leading to moderate profitability

RIL's PBILDT margin have ranged from 3.30% to 5.40% over the last five years, influenced by raw material price fluctuations and product mix changes.

In FY24, the PBILDT margin improved to 5.39% from 4.87% in FY23 owing to improved gross realisations. However, the operating margin declined to 3.31% in 9MFY25 as the company offered cash discounts to boost sales volume, gain market share and reduce its reliance on bank borrowings for working capital requirements. The profit after tax (PAT) margin remained stable at 1.57% in 9MFY25, (FY24: 1.57%), due to reduced interest costs.

Improving financial risk profile, despite continues to remain moderate

RIL's financial risk profile has improved over the last three years, with overall gearing reducing from 2.03x at FY22-end to 1.82x at FY24-end.

RIL's consolidated net worth is projected to increase for the financial year ended FY25 (FY24: 32.58 crore), following receipt of IPO proceeds of ~₹23.88 crore in August 2024. This capital raise is expected to strengthen the company's overall gearing and total outside liabilities to tangible net worth (TOL/TNW). However, with an expected increase in working capital intensity, leverage is expected to remain moderate in the projected period.

Debt coverage indicators remained moderate, with PBILDT interest coverage at 2.02x and total debt to gross cash accruals (TD/GCA) at 6.31x in FY24 owing to moderate profitability and GCA levels. The interest coverage ratio improved to 3.76x in 9MFY25(9MFY24: 2.0x) due to reduced interest costs.

Profitability vulnerable to raw material price volatility

RIL's profitability is exposed to sharp fluctuations in raw material prices (mainly copper), which forms ~95-96% total cost of sales for the company. SEL at a group level procures inventory on a back-to back basis against confirmed order of the customers.

As RIL has a longer production time and hence maintains an inventory of ~80-90 days, a portion of which is not order-backed.

Presence in fragmented and competitive industry with low bargaining power

RIL operates in a highly competitive and fragmented winding wire / conductor industry characterised by the presence of numerous organised and unorganised players, given the low technical expertise requirement and value addition in manufacturing winding wires / rods and ingots. Due to intense competition in the industry, the bargaining power of the group remains low.

Liquidity: Adequate

RIL's liquidity remained adequate characterised by healthy cash flow from operations, moderate cushion available in cash accruals against term loan repayment obligations and its modest capex requirements. Liquidity of the company is partly aided by receipt of IPO proceed in H1FY25 supporting the company's incremental working capital requirement and capex plans.

Average utilisation of fund-based limits and non-fund-based limits remained moderate at 62% and 82%, respectively, for the trailing 12 months ended March 2025. Access to RXIL and bill discounting facility helps the company to bridge the gap in working capital requirement.
The company's operating cycle remained satisfactory 34 days owing to adequate funding support from the creditors in FY24. GCA in the projected period shall be adequate to fund the debt repayment obligation, which is expected to remain in the range of ₹8.50 crore - ₹9.25 crore in FY26-FY27. RIL has free cash and bank balance of ₹0.07 crore as on March 31, 2024, apart from lien marked FD's of ₹1.85 crore.

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Non-Ferrous Metal

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Cables - Electricals

Incorporated in 2011, Rajputana Industries Limited (RIL) is a subsidiary of Jaipur-based 'Shera Energy Limited' (SEL). In August 2024, the company got listed on National Stock Exchange (NSE) SME platform. As on September 30, 2024, SEL hold 51% stake in RIL.

RIL specialises in the scrap recycling of non-ferrous metals, such as copper, aluminium, and brass. RIPL is engaged in manufacturing copper, aluminium and brass extruded and drawn products such as billets/ingots, mother shells, tubes/pipes, hollow/solid rods, sections and profiles among others. RIL's manufacturing facility in Sikar, Rajasthan having an installed capacity of 13,150 MTPA as on March 31, 2025, enhanced from 11,260 MTPA as on September 30, 2024.

RIL is undertaking a capex for manufacturing nickel-based alloys, copper cables and aluminium conductors, which is expected to commence operations from FY26 onwards.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2024 (UA)
Total operating income	254.66	326.52	403.14
PBILDT	12.40	17.59	13.34
PAT	3.10	5.13	6.32
Overall gearing (times)	1.95	1.82	NA
Interest coverage (times)	1.92	2.02	3.76

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	April, 2029	21.77	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	16.78	CARE BBB+; Stable / CARE A3+
Fund-based - ST-Bank Overdraft		-	-	-	10.00	CARE A3+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	0.25	CARE BBB+; Stable / CARE A3+
Non-fund-based - ST-Credit Exposure Limit		-	-	-	0.20	CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	21.00	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	21.77	CARE BBB+; Stable	-	1)CARE BBB+; Stable (24-Jan-25)	-	-
2	Fund-based - ST-Bank Overdraft	ST	10.00	CARE A3+	-	1)CARE A3+ (24-Jan-25)	-	-
3	Non-fund-based - ST-Letter of credit	ST	21.00	CARE A3+	-	1)CARE A3+ (24-Jan-25)	-	-
4	Fund-based - LT/ ST-Cash Credit	LT/ST	16.78	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (24-Jan-25)	-	-
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	0.25	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Stable / CARE A3+ (24-Jan-25)	-	-
6	Non-fund-based - ST-Credit Exposure Limit	ST	0.20	CARE A3+	-	1)CARE A3+ (24-Jan-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Fund-based - ST-Bank Overdraft	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Credit Exposure Limit	Simple
6	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in
Relationship Contact Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Ujjwal Manish Patel Associate Director **CARE Ratings Limited** Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in Vanshika Jain Lead Analyst **CARE Ratings Limited** E-mail: Vanshika.Jain@careedge.in

About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:
This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.
This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CareEdge Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CareEdge Ratings.

For detailed Rationale Report and subscription information,
please visit www.careratings.com