

Rajnandini Metal Limited

June 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	130.00	CARE B; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has downgraded the ratings assigned to the bank facilities of Rajnandini Metal Limited (RML) to CARE B; Stable; Issuer Not Cooperating. CARE Ratings Ltd. has been seeking information from RML to monitor the ratings vide e-mail communications/letters dated June 03, 2025, May 31, 2025 and March 19, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating).

CARE Ratings Limited (CARE Ratings) has downgraded the ratings assigned to RML on account of qualified audit report basis the demand of Rs. 290.70 Crores (including Penalty and Interest) and Rs. 16.98 Crores that have been raised by the GST and Income Tax Authorities respectively, due to claim of ineligible Input credit and pursuant to the search held at the company followed by the thin PBILDT margins and net losses reported in FY25 (Abridged) and the possible impact of the mentioned factors on the credit profile of the company. The ratings also remain constrained due to small track of operations, RML's presence in a competitive downstream nonferrous metal product industry resulting in low bargaining power, and susceptibility to volatile raw material prices. The ratings, however, continues to derive strength from the qualified and experienced promoter group.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the company will continue to derive benefit from experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Summon from Enforcement Directorate and qualified audit report for FY25

During April 2024, Enforcement directorate has issued summon to the promoters of RML requesting financial information about the RML. The said information was sought due to financial transaction by RML with another company being subject to ED investigation. However as confirmed by the RML management earlier, the company has not been subject to any search or seizure, none of its bank accounts has been frozen.

Further credit profile of company has been impacted on account of qualified audit report basis for the demand of Rs. 290.70 Crores (including Penalty and Interest) and Rs. 16.98 Crores that have been raised by the GST and Income Tax Authorities respectively, due to claim of ineligible Input credit and pursuant to the search held at the company.

Small track record of operations:

RML has started their manufacturing unit in November 2019 and prior to that company was engaged in business of trading of scrap for all types of ferrous and Non-ferrous Metals such as Copper Wires, ingot scrap, and other related items used in various electrical and industrial applications. Due to small track record of the company in manufacturing segment, limits the financial and operational flexibility of the company.

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

Moderate scale of operations and declining profitability

During FY25, the company's scale of operations remains moderate, although it has declined from Rs. 1212.43 Crores in FY24 to Rs. 1033.58 Crores in FY25. The profitability margins continue to remain low and have PBILDT margin further declined significantly to 0.32% in FY25 as compared to 1.77% in FY24. In addition, the company has booked net losses for the FY25 as against positive PAT of Rs. 15.24 Crores for FY24.

Moderate debt protection metrics owing to moderation in the operating margin

Debt protection metrics of the firm remained moderate marked by interest coverage at 0.25 times in FY25 against 1.89 times in FY24. Total debt to PBILDT significantly increased to 13.35 times as on March 31, 2025 as against 4.67 times as on March 31, 2024. Net worth of the firm slightly moderated to Rs. 56.37 crore (Abridged) as on March 31, 2025 as against Rs. 56.70 crores as on March 31, 2024.

Susceptibility of profitability to volatility in raw material prices:

The primary raw materials for the company are copper scrap. Copper scrap contributes around 90% of the total raw material cost consumed during the past three years ended FY24, the scrap is purchased at the prevailing market rate depending on the quality of scrap. However, the absence of any long-term contracts and lag effect in the order of raw materials and delivery to the manufacturing facilities exposes the company to the vagaries of the commodities price cycle. Although the company tries to match the procurement with the order being received and normally an equivalent quantity of scrap on the date of order to reduce the pricing mismatch. The prices of these raw materials are market driven and have been reflecting high volatility in the recent past. However, to reduce the risk of raw material price fluctuations, RML procures raw materials based on orders it receives from customers, and the sale price of the copper rods is based on the raw material price on the day of the order received.

Highly fragmented and Cyclic nature of the copper industry:

The industry for metal products is highly fragmented with a large number of local unorganized and organized players in the market. Copper is part of a metal industry which is cyclical and is sensitive to the shifting business cycles including changes in the general economy, interest rates and seasonal changes in the demand and supply. The producers of metal construction materials are essentially price-takers in the market, which directly expose their cash flows and profitability to volatility in metal prices. Hence, the margins continue to remain under pressure due to fragmentation and low bargaining power across the industry.

Key Strengths

Experienced and resourceful promoter group with an established track record of operations in the industry:

RML was incorporated in March 2010 by Mr. Mohan Sharma. Mr. Manoj Kumar Jangir, Director and the Chief Financial officer of RML, has a vast experience of over 17 years in finance, audit and accounts. Apart from this the promoters of the company were earlier engaged in trading of copper material and therefore have long experience in copper industry and relationship with the suppliers.

Liquidity: Stretched

RML's liquidity remained stretched as the company has booked losses during FY25 as compared to PAT of Rs. 15.24 in FY24. Further, for FY25, the company has negative GCA as against expected term loan repayments of Rs. 1.5 to 2.5 Crores. The liquidity may also get affected in case the company has to meet the contingency raised on account of the demand of Rs. 290.70 Crores (including Penalty and Interest) and Rs. 16.98 Crores that have been raised by the GST and Income Tax Authorities respectively, due to claim of ineligible Input credit and pursuant to the search held at the company.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Non Ferrous Metal](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Non-Ferrous Metals	Copper

Rajnandini Metals Ltd was incorporated in March 2010 by Mr. Mohan Sharma. RML is in the production of copper rod and wires with annual capacity of 4500 ton per month. The company has set up its manufacturing plant in Nov'19 and prior to that company was engaged in business of trading of scrap of all types of ferrous and Non-ferrous Metals such as Copper Wires, ingot scrap, and other related items used in various electrical and industrial applications. Now RML is engaged in manufacturing of Copper Rods, Wires etc. Product Portfolio of RML includes diversified product range which includes variety of grades, thickness, widths and standards of copper according to customer specifications.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	1036.03	1212.43	1033.58
PBILDT	26.56	21.51	3.32
PAT	13.66	15.24	-2.17
Overall gearing (times)	1.74	1.77	0.77
Interest coverage (times)	3.65	1.89	0.25

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	120.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	January 2028	10.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Cash Credit	LT	120.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (20-Mar-25) 2)CARE BB; Stable; ISSUER NOT COOPERATING * (16-Oct-24) 3)CARE BB+; Stable (16-May-24)	1)CARE BBB-; Stable (28-Nov-23) 2)CARE BBB-; Negative (14-Jun-23)	1)CARE BBB-; Stable / CARE A3 (30-May-22)
2	Fund-based - LT-Term Loan	LT	10.00	CARE B; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (20-Mar-25) 2)CARE BB; Stable; ISSUER NOT COOPERATING * (16-Oct-24) 3)CARE BB+; Stable (16-May-24)	1)CARE BBB-; Stable (28-Nov-23) 2)CARE BBB-; Negative (14-Jun-23)	1)CARE BBB-; Stable (30-May-22)

*Issuer did not cooperate; based on best available information.

LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the 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 Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: +91-12-0445 2018 E-mail: puneet.kansal@careedge.in Akhil Kumar Associate Director CARE Ratings Limited Phone: +91-12-0445 1986 E-mail: akhil.kumar@careedge.in Vaidhai Jain Analyst CARE Ratings Limited E-mail: Vaidhai.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 CARE 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 CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

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