

RR MetalMakers India Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	6.50	CARE B+; Stable	Reaffirmed and removed from Rating Watch with Developing Implications; Stable outlook assigned
Short Term Bank Facilities	18.50	CARE A4	Reaffirmed and removed from Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has removed "Rating Watch with Developing Implications (RWD)" on bank facilities of RR MetalMakers India Limited (RRMIL), reaffirmed ratings and assigned a "Stable" outlook following RRMIL's announcement dated July 26, 2025, on The Bombay Stock Exchange (BSE), for withdrawal of the merger scheme of RRMIL with RKB Global Limited (RKBGL) (Rated CARE BB; Stable/ CARE A4+).

On July 26, 2025, RKBGL sent a letter to RRMIL, informing that the management has examined the proposal and taking into consideration various factors including the view of the swap ratio not being beneficial to the shareholders of RKBGL, accordingly decided to withdraw from the proposal of merger of RRMIL with RKBGL. Accordingly, the merger proposal, earlier informed to BSE Limited on February 28, 2025, stands withdrawn.

The reaffirmation in the ratings assigned to the bank facilities of RRMIL are constrained by moderate albeit fluctuating scale of operations and low networth base, thin profit margins, leveraged capital structure and weak debt coverage indicators. The ratings further considered by its working capital-intensive nature of operations, stretched liquidity, highly competitive and cyclical nature of industry and susceptibility of profit margins to price fluctuation in prices of traded products.

The ratings, however, derive strength from the experienced & resourceful promoters and their long track record of operations in steel industry. The established relationship with the customer base and supplier base also provides strength to its ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with total operating income (TOI) exceeding Rs.150 crore on sustained basis.
- Improvement in operating margin to above 5% and net profit margin to above 3% on a sustained basis.
- Improvement in capital structure with overall gearing below 2.0x on sustained basis.
- Timely conversion of iron-ore inventory into sales with profits.

Negative factors

- Substantial elongation in working capital cycle marked by operating cycle days of above 75 days.
- Deterioration of current ratio to less than 1.00x on sustained basis.
- Additional debt being availed resulting in deterioration in overall gearing exceeding 5.00x on a sustained basis.
- Any adverse outcome of court proceedings impacting the liquidity position of the company

Analytical approach: Standalone

Outlook: Stable

The "Stable" outlook reflects CARE Ratings Limited (CARE Ratings) expectation that the company will continue to benefit from its experience of the promoters along with long track record of operations in steel industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate albeit fluctuating scale of operations and low networth base

The overall scale of operations of RRMIL continue to remain moderate and fluctuating as marked by TOI declined significantly from ₹ 96.39 crore in FY24 to ₹ 51.97 crore in FY25, (registering a decline of 46.08%) as the management prioritized the capex execution of the capex and expansion of the business of its group company i.e. RKBGL during the period. Further, the tangible

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

net-worth base remained low at ₹ 9.16 crore as on March 31, 2025 (vis-à-vis ₹ 6.59 crore as on March 31, 2024) and the same has increase due to accretion of profits to reserve during the year.

Moderate profit margins

The profitability margins of RRMIL remained low and fluctuating as it directly linked with the raw material prices of steel which is volatile in the nature. Further, the operating profit margin of RRMIL remained moderate, majorly due to trading nature of the business where there is limited value addition along with intense competition in the steel industry. The PBILDT margin improved from 6.16% in FY24 to 9.08% in FY25 mainly on account of improved realisations on traded goods. With the above coupled with lower interest cost and depreciation cost, the company had reported an improvement in the PAT margin from 1.09% in FY24 to 3.23% in FY25.

Leveraged capital structure and debt coverage indicators

The capital structure of the company continues to remain leveraged marked by higher working capital borrowings and higher purchase of goods on LC given its trading nature of business. Also, given its limited value addition as a result of trading nature of business debt coverage indicators continue to remain weak.

RRMIL's overall gearing stood high albeit improved to 2.92x as on March 31, 2025, as against 4.74x as on March 31, 2024, primarily due to increase in tangible networth base due to accretion of profits coupled with marginal decrease in total debt due to lower utilization of the working capital limits as on balance sheet date. Further, total debt to gross cash accruals (TD/GCA) remained weak albeit improved to 13.64x in FY25 as against 20.01x in FY24. The interest coverage ratio improved marginally and weak low at 1.43x in FY25 (vis-à-vis 1.35x in FY24).

Working capital intensive nature of operations

The operations of RRMIL stood working capital intensive in nature marked by gross current assets period of 252 days in FY25 (vis-à-vis 168 days in FY24) due to majority of funds being utilized in receivables and inventory and the company witnessed elongation in the same due to significant reduction in TOI during the year. The company is required to maintain a steady level of inventory for a wide portfolio of products in order to meet the regular flow of demand, thus inventory period increased significantly and stood elongated at 155 days in FY25 (vis-à-vis 83 days in FY24). Similarly, the collection period also elongated and stood at 95 days in FY25 (vis-à-vis 37 days in FY24). On the other hand, the creditors period also increased to 199 days in FY25 from 75 days in FY24 which led to stable operating cycle at 52 days in FY25 as against 45 days in FY24.

Highly competitive and cyclical nature of industry

RRMIL is operating in a highly competitive industry due to the presence of various organized and unorganized players involved in the trading of various steel products. Although, over the years the industry has become more organized with the share of unorganized players reducing, but margins continue to be under pressure due to fragmentation of the industry. Also, the steel industry is sensitive to the shifting business cycles including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market.

Key strengths

Long track record of operations in manufacturing & trading of steel products

Established in the year 1995, RR Metalmakers is primarily engaged in trading of iron ore, steel and steel products. So RRMIL possesses a long track record of about three decades of operations in manufacturing & trading of various steel products. Until FY21, the company was involved in only trading of steel and iron products. However, since FY21 onwards, it set up its manufacturing units in Gujarat which has a capacity of 800 MT per month and started manufacturing ERW pipes and roofing sheets. The company has a portfolio of over 20 products and caters to customers across the globe over the years. As a result of its long-standing existence, the company has established long-term relationships with its various customers, suppliers and other stakeholders.

Experienced and resourceful promoters

The company is promoted by Mr. Virat Shah and Mr. Alok Shah. RRMIL possesses a long track record of about three decades of operations in manufacturing & trading of various steel products. The company has a portfolio of over 20 products and has catered to over customers across the globe over the years. As a result of its long-standing existence, the company has established long-term relationships with its various customers, suppliers and other stakeholders.

Liquidity: Stretched

The liquidity position remained stretched marked by tightly matched accruals to repayment obligations. The company's expected Gross Cash Accruals (GCA) remain adequate against repayment obligations of ~₹0.60 crore in FY26. The average utilization of its working capital limits stood at 75% during past twelve months ended Feb-2025. The current ratio and quick ratio stood weak at 1.08x and 0.56x respectively as on March 31, 2025, (vis-à-vis 1.04x and 0.48x as on March 31, 2024). The cash flow from operation stood positive at ₹ 8.36 crores in FY25 (vis-à-vis ₹ 7.15 crore in FY24). The company also had cash and liquid investments of Rs. 4.78 crores as March 31, 2025.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Iron & Steel](#)

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About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Diversified Metals	Diversified Metals

Established in the year 1995, RR Metalmakers is primarily engaged in trading of iron ore, steel and steel products. The company is promoted by Mr. Virat Shah and Mr. Alok Shah. RRMMIL is primarily engaged in trading roofing sheets, galvanised coils, wire rods etc. (contributing around 89.96% of the total income for FY23). The company is an authorized distributor of JSW, TATA and Arcelormittal through its facilities located at Wada and its manufacturing facility is located at Ahmedabad.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	96.39	51.97
PBILDT	5.94	4.72
PAT	1.05	1.68
Overall gearing (times)	4.74	2.92
Interest coverage (times)	1.35	1.43

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		-	-	-	6.50	CARE B+; Stable
Non-fund-based - ST-Letter of credit		-	-	-	18.50	CARE A4

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	Non-fund-based - ST-Letter of credit	ST	18.50	CARE A4	1)CARE A4 (RWD) (02-Apr-25)	1)CARE A4 (RWD) (11-Mar-25) 2)CARE A4 (RWN) (09-May-24)	1)CARE A4 (13-Mar-24)	-
2	Fund-based - LT-Cash Credit	LT	6.50	CARE B+; Stable	1)CARE B+ (RWD) (02-Apr-25)	1)CARE B+ (RWD) (11-Mar-25) 2)CARE B+ (RWN) (09-May-24)	1)CARE B+; Stable (13-Mar-24)	-

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-Cash Credit	Simple
2	Non-fund-based - ST-Letter of credit	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.

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