

Neo Metaliks Limited

December 31, 2025

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	373.42 (Reduced from 408.50)	CARE BBB; Stable	Downgraded from CARE BBB+; Negative
Long-term / Short-term bank facilitiesd	25.00	CARE BBB; Stable / CARE A3+	Downgraded from CARE BBB+; Negative / CARE A2
Short-term bank facilities	145.00 (Reduced from 160.00)	CARE A3+	Downgraded from CARE A2

Details of facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to the bank facilities of Neo Metaliks Limited (NML) reflect moderation in capital structure and debt protection metrics beyond the earlier envisaged levels and moderate financial performance in FY25 (refers to April 1 to March 31) and H1FY26 due to delay in commencement of the new blast furnace.

The ratings continue to derive strength from its experienced promoters and the financial flexibility it derives from being part of the Rupa group, with its flagship entity Rupa and Company Limited being one of the leading players in the hosiery industry with pan-India presence. The ratings also take into consideration the commencement of newly set-up units, with the new blast furnace becoming operational from July 2025 and currently ramping up with monthly capacity utilisation over 75%.

The ratings continue to remain constrained by the cyclical nature of iron and steel industry and profitability susceptible to fluctuation in pig iron and raw material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations beyond ₹900 crore with improvement in PBILDT margins on a sustained basis.
- Improvement in Total debt to PBILDT (Profit before interest, lease, tax and depreciation) below 5x on a sustained basis.

Negative factors

- Moderation in financial performance with total operating income (TOI) going below Rs.700 crore with PBILDT margin going below 8% on a sustained basis from FY26 onwards.
- Deterioration in overall gearing and total debt to GCA (Gross cash accruals) above 2.2 times and 10 times, respectively on a sustained basis from FY27 onwards.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings have revised the outlook of NML from 'Negative' to 'Stable' in the view of the commencement of the new blast furnace with ramping up of production where company is currently operating at a monthly capacity utilisation of 75% which is expected to lead towards improved profitability and cash flows for the company.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and financial flexibility from being part of Rupa Group

RUPA group, promoted by P. R. Agarwal, K. B. Agarwal, and G. P. Agarwal, has an established position in the hosiery industry under its flagship company Rupa and Company Limited with a track record of over five decades. The day-to-day affairs of NML is looked after by Ravi Agarwal, Director, (son of K. B. Agarwal), an MBA in Marketing with more than a decade of experience in the iron and steel industry. Ravi Agarwal is adequately supported by Ramesh Agarwal (son of P.R. Agarwal), Manish Agarwal (son of

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

G.P. Agarwal) and a team of experienced personnel. The company derives financial flexibility by virtue of being part of the Rupa group.

Completion of project with commencement of all the units

The project has been completed with commencement of all units with the new blast plant beginning operations in July 2025. The new unit is currently operating at a monthly CU of more than 75% and successful ramping up and stabilisation of the facilities to optimal utilisation levels is to be seen.

Key weaknesses

Moderate capital structure and debt protection metrics

Due to the debt-funded capital expenditure along with moderation in operational performance due to delays in the commencement of the blast furnace, the company's capital structure, as indicated by its overall gearing ratio, deteriorated in FY25. The overall gearing ratio moderated from 1.23x as on March 31, 2024, to 2.23x as on March 31, 2025. The decline in profitability has also pressured the company's debt protection metrics, which significantly worsened in FY25. However, going forward with the blast furnace becoming operational, anticipated improvement in financial performance and reduction in total debt with no major debt-funded capex plans in place, the capital structure and debt protection metrics are expected to strengthen.

Moderate financial performance in FY25 and H1FY26

The company's performance in FY25 witnessed a decline due to pressure on realizations, leading to a 18% year-on-year decline in revenue to ₹753.86 crore. Though the company maintained strong capacity utilization, ranging between 97% to 100%, over the five-year period from FY19 to FY24, driven by robust demand for pig iron, however due to delay in commencement of the new blast furnace, the capacity utilisation stood at ~73% during FY25. Though raw material prices also declined, the reduction was insufficient to offset the disparity between input costs and realizations from finished goods. Accordingly, PBILDT margin moderated and stood at -0.31% in FY25 as against 3.60% in FY24. The decline in PBILDT margin is on account of both decline in volume and reduced sales realisation.

In H1FY26, the company reported TOI of Rs.303.10 crore with PBILDT margin of 1.81%. In FY26, with commencement and gradual picking up of the new blast furnace and improvement in the market scenario of pig iron prices, the performance of the company is expected to improve.

Cyclical nature of the iron and steel industry

NML operates in the steel industry by selling steel-grade pig iron. This sector is highly sensitive to fluctuations in business cycles, which include changes in the broader economy, interest rates, and seasonal variations in supply and demand. Given that demand plays a crucial role in pricing, the company's performance is closely tied to the cyclical nature of the steel industry and its market dynamics.

Profitability susceptible to fluctuation in pig iron and raw material prices

The commoditized nature of pig iron means that its pricing is highly sensitive to market demand, which fluctuates with the cyclical nature of the steel industry. Additionally, raw materials such as iron ore and coking coal make up a significant portion of the cost structure, so their prices are crucial for determining profitability. Consequently, any disparity between the prices of finished goods and raw materials can lead to volatility in margins and cash flows.

Liquidity: Adequate

The company has adequate liquidity profile marked by free liquid investments of Rs.27.89 crore as on September 30, 2025 in the form of cash, equity share and mutual funds. In FY25, the company had repayment obligation of Rs.17.17 crore which were met by the company out of liquid investments which were available with the company as on March 31, 2024. In FY26, the company has high repayment obligation of Rs.51.41 crore against which the company is expected to generate sufficient cash accruals. However, shortfall in the same, if any, shall be met out of the available liquid investments as on March 31, 2025, amounting to Rs.44.24 crore. Till H1FY26, the company has already repaid debt obligation of Rs.25.70 crore. Further, the company also derives comfort on account of being a part of the Rupa Group. The average month end utilization of fund-based limits was high at ~93% over the last 12 months ended September 2025.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Pig Iron

NML, established in 2003, was initially a joint venture between the Madhogaria and Agarwal families of Kolkata. After the Madhogaria family exited NML in FY05, the Agarwal family acquired full control, holding all shares of the company. NML has been producing pig iron since 2007, with an installed capacity of 188,000 TPA at its plant in Durgapur, West Bengal. In July 2025, the company successfully commenced operations of the new blast furnace, having pig iron production capacity of 422,000 TPA.

Apart from this, the company has also set up a waste heat recovery-based captive power plant (CPP) with a capacity of 10 MW and a sinter plant with a capacity of 300,000 TPA, as part of its backward integration strategy.

The company is a part of the Rupa Group, with Rupa & Co. Ltd., a leading player in the hosiery industry, being the flagship entity. "RUPA" is a well-established brand known for its knitted innerwear, casualwear, and thermal wear, and has been operating for over five decades.

Ravi Agarwal, one of the promoter directors, oversees the company's overall management and growth strategy.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	920.89	753.86	303.10
PBILDT	32.89	-2.35	5.49
Profit after tax (PAT)	25.86	-25.83	-35.23
Overall gearing (x)	1.23	2.23	NA
Interest coverage (x)	3.15	-0.10	NA

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

Status of non-cooperation with previous CRA: CRISIL Ratings has conducted the review on the basis of best available information and has classified NML as "Not cooperating" vide its press release dated July 23, 2025, due to non-submission of information.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	78.50	CARE BBB; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	25.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	145.00	CARE A3+
Term Loan-Long Term		-	-	October 2029	294.92	CARE BBB; Stable

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	78.50	CARE BBB; Stable	1)CARE BBB+; Negative (22-Apr-25)	1)CARE BBB+; Stable (10-Sep-24)	1)CARE A-; Stable (06-Dec-23)	1)CARE A-; Stable (06-Jan-23)
2	Non-fund-based - ST-Letter of credit	ST	145.00	CARE A3+	1)CARE A2 (22-Apr-25)	1)CARE A2 (10-Sep-24)	1)CARE A2+ (06-Dec-23)	1)CARE A2+ (06-Jan-23)
3	Term Loan-Long Term	LT	294.92	CARE BBB; Stable	1)CARE BBB+; Negative (22-Apr-25)	1)CARE BBB+; Stable (10-Sep-24)	1)CARE A-; Stable (06-Dec-23)	1)CARE A-; Stable (06-Jan-23)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	25.00	CARE BBB; Stable / CARE A3+	1)CARE BBB+; Negative / CARE A2 (22-Apr-25)	1)CARE BBB+; Stable / CARE A2 (10-Sep-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	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Letter of credit	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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