

Rathi Special Steels Limited

March 31, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	78.20	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Rathi Special Steels Limited (RSSL) to monitor the rating through e-mail communications/letters dated March 18, 2026, March 13, 2026, and March 02, 2026, and numerous phone calls. However, despite repeated requests, the company has not provided the requisite information for monitoring the rating. In line with Securities and Exchange Board of India (SEBI) guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which however, in its opinion, is not sufficient to arrive at a fair rating. The rating on RSSL's bank facilities is now denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING**. The rating has been revised considering non-availability of requisite information because of non-cooperation by RSSL. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk.

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

The rating has been revised considering the non-availability of requisite information because of non-cooperation by RSSL with CareEdge Ratings' efforts to undertake a review of the outstanding ratings. CareEdge Ratings views information availability risk as a key factor in its assessment of credit risk. The rating continues to remain constrained by low profitability margins due to limited value addition, working capital intensive operations, exposure to finished goods and raw material price volatility, and intense competition and cyclical nature of the steel industry. However, the rating continues to derive strength from the promoters' extensive experience, the company's long operational track record, established brand name, wide selling and distribution network with sustained operational performance, and moderate financial risk profile.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 13, 2025, the following were the rating strengths and weaknesses (updated based on the partial information available):

Key weaknesses

Working capital intensive operations

In FY25, the company's operating cycle stood elongated at 82 days compared to 64 days in FY24, primarily due to an increase in average collection period to 79 days (PY: 61 days), driven by a higher proportion of sales booked toward the year-end of FY25, results in extended payment realisation. The company extends a general credit period of ~45-60 days to its customers. The company largely procures raw materials, that is, ingots and billets from suppliers based in Haryana, Rajasthan, and Odisha, who

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

provide credit period of ~10-25 days. As such, average creditors' period stood at nine days in FY25 (PY: 13 days). Moreover, RSSL maintains inventory of around a month, reflected by average inventory holding period of 12 days in FY25 (PY: 16 days).

Susceptibility of profitability margins to volatility in input prices

Key raw materials used by the company are steel ingots and billets, the prices of which are volatile in nature and are linked to the market. RSSL sources its raw material domestically primarily from manufacturers/traders in Haryana, Rajasthan and Odisha. The total raw material costs constituted ~96% of total cost of sales in FY25 (PY: ~97%), thus, exposing its margins to volatility in raw material prices. The company has low bargaining power, and prices are determined per market forces. Going forward, RSSL's ability to effectively manage the thermos-mechanically treated (TMT) steel bar price volatility and passing on the increase in input prices shall be a key rating factor.

Highly competitive and cyclical nature of industry

The long steel products industry is highly competitive in nature due to presence of large number of small and mid-sized players operating in the industry and a few large-sized and established players. The TMT bars in steel product industry is highly cyclical in nature and is affected by global demand and supply, foreign exchange fluctuation and other macro-economic factors. The demand for TMT bars is linked largely to the demand in infrastructure industry, which is cyclical in nature and closely follows the macroeconomic cycle.

Dependence on demand from end-user industries

The demand for TMT steel bars is derived from sectors such as real estate, construction, and infrastructure, which are linked to economic cycles. Slowdown in economic activity, or a drop-in investment in infrastructure and housing sectors, could adversely impact operations. Established dealer network and healthy relationships with diverse customers have helped partly mitigate this risk.

Key strengths

Experienced promoters with long track record of operations

Incorporated in 2004, RSSL is a part of Rathi Group – a well-established brand in regions of Rajasthan, Haryana and Delhi NCR, with long track record in the thermomechanical treated TMT steel products industry. It is promoted and managed by Anurag Rathi, with rich experience of over 30 years in the steel manufacturing industry. He is supported by Uddhav Rathi, who has over 10 years of experience and mainly looks after the company's marketing function.

Established brand name and wide marketing network

RSSL manufactures TMT steel bars, which are sold under the 'Rathi Shaktiman' brand – owned by the family trust and with established market presence in Northern India since 1940. It has wide marketing network of ~200 dealers and distributors in Northern India, especially in regions of Delhi NCR, Haryana, and Rajasthan.

Sustained operational performance in FY25 despite moderation in 9MFY26

In FY25, the company reported a slight decline in scale of operation of ~8% year-on-year, marked by TOI of ₹372.88 crore compared to TOI of ₹406.90 crore, owing to slight decline of ~3% in sales volume of TMT bars in FY25, though realisations remained sustained. The company's profitability margins remained sustained though continue to remain low considering limited value addition, with PBILDT and profit after taxation (PAT) margin of 3.64% (PY: 3.31%) and 0.83% (PY: 0.87%), respectively, in FY25. In 9MFY26, the company achieved TOI of ₹198.42 crore with PBILDT margins of 3.79%. The decline in scale was largely

driven by decline in sales volume of TMT bars considering extended monsoon in the period. Going forward, the company expects to sustain the scale and profitability margins.

Moderate financial risk profile

The company's capital structure remains moderate, marked by overall gearing of 1.15x as on March 31, 2025 (PY: 1.12x). Its debt profile largely comprises working capital debt. The company has net worth base of ₹67.35 crore as on March 31, 2025 (PY: ₹64.23 crore), supported by sustained profit accretion to the reserves. The debt coverage indicators remained moderate, marked by total debt to gross cash accruals (TD/GCA) and interest coverage of 9.99x (PY: 8.96x) and 2.17x (PY: 2.18x) in FY24.

Liquidity: Adequate

RSSL's liquidity position continues to remain adequate, marked by sufficient cushion in accruals against repayment obligations. The repayment obligations for FY26 stood at ₹4.63 crore against expected GCA of ₹8.04 crore. The average utilisation of sanctioned working capital limits stood high at ~85% for the trailing 12 months ended December 31, 2025, against the sanctioned limit of ₹80.50 crore. Moreover, the company does not have major capex, over near-to-medium term.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Ferrous metals	Iron and steel

Incorporated in 2004, RSSL is a part of the Rathi group and engaged in manufacturing TMT steel bar of various dimensions. Its manufacturing facilities are located at Bhiwadi, Alwar (Rajasthan), with installed capacity of 150,000 metric tonnes per annum (MTPA), which are sold under the 'Rathi Shaktiman' brand.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	406.90	372.88	198.42
PBILDT*	13.46	13.56	7.53
Profit after tax (PAT)	3.54	3.09	Not available
Overall gearing (x)	1.12	1.15	Not available
Interest coverage (x)	2.18	2.17	Not available

A: Audited UA: Unaudited; 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		-	-	-	70.50	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/12/2026	7.70	CARE BB+; 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-Term Loan	LT	7.70	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (13-Mar-25)	1)CARE BBB-; Stable (22-Mar-24)	1)CARE BBB-; Stable (06-Mar-23) 2)CARE BBB-; Stable (05-Apr-22)
2	Fund-based - LT-Cash Credit	LT	70.50	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (13-Mar-25)	1)CARE BBB-; Stable (22-Mar-24)	1)CARE BBB-; Stable (06-Mar-23) 2)CARE BBB-; Stable (05-Apr-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 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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Puneet Kansal Director CARE Ratings Limited Phone: +91-12-0445 2018 E-mail: puneet.kansal@careedge.in</p> <p>Akhil Kumar Associate Director CARE Ratings Limited Phone: +91-12-0445 1986 E-mail: akhil.kumar@careedge.in</p> <p>Mohit Gupta Lead Analyst CARE Ratings Limited E-mail: mohit.gupta@careedge.in</p>
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