Rajputana Stainless Limited

September 07, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	130.00	CARE A-; Stable / CARE A2+	Assigned
Long-term bank facilities	RBI	30.00	CARE A-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Rajputana Stainless Limited (RSL) derive strength from the extensive experience of its promoters in the steel industry, moderate scale of operations and profitability supported by integrated operations, comfortable financial risk profile aided by funds raised via Initial Public Offering (IPO) proceeds in March 2026, and adequate liquidity.

Rating strengths are partially offset by RSL's working capital intensive operations, cyclical nature of the steel industry, and profitability susceptible to raw material price, power cost, and foreign exchange rate volatility. Ratings also take cognisance of planned partly debt-funded capex in FY27 (FY refers to April 01 to March 31).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations above ₹1,800 crore with sustained operating margin aided by product diversification.
- Sustenance of comfortable capital structure with overall gearing below 0.3x.
- Improvement in operating cycle leading to improvement in liquidity.

Negative factors

- Significant decline in scale of operations with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin less than 6.50% on a sustained basis.
- Stretch in working capital cycle above 110 days on a sustained basis, impacting the liquidity profile and increased reliance on working capital borrowings.
- Moderation in debt coverage indicators with net debt to PBILDT ratio above 1.5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) expects RSL will benefit from the extensive experience of its promoter in the stainless steel industry and integrated operations, which will enable it to sustain its operational and financial risk profile over medium term.

Detailed description of key rating drivers

Key strengths

Moderate scale of operations and profitability

RSL operates on a moderate scale with total operating income (TOI) of ₹1,008 crore in FY26. In FY26, TOI increased by 8% y-o-y primarily driven by growth in sales volume of 8%, while sales realisation remained largely stable. The growth continued in Q1FY27, with the company reporting TOI of ₹307 crore. The company caters to end-user industries, primarily pipes, forging, automobiles, and utensils, among others.

RSL operated at full capacity in FY26 reflecting healthy demand. The company is currently undertaking capacity expansion in bright bars. Timely completion and stabilisation of this project shall remain crucial for RSL's growth prospects.

The company's profitability is supported by integrated nature of its operations, and it has gradually improved from 6.70% in FY24 to 9.18% in FY26 supported by increased sales of bright bars and better absorption of overheads.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Comfortable capital structure and debt protection metrics

In March 2026, RSL raised ₹178.73 crore through IPO and got listed on Bombay Stock Exchange and National Stock Exchange. The IPO proceeds strengthened its net worth to ₹363.23 crore as on March 31, 2026, from ₹151.88 crore as on March 31, 2025. Consequently, capital structure improved, with overall gearing of 0.39x (PY: 0.99x) and total outside liabilities to total net worth (TOL/TNW) of 0.64x (PY: 1.72x) as on March 31, 2026. Debt protection metrics remained moderate, with PBILDT interest coverage of 4.60x (PY: 4.85x) and total debt to gross cash accruals (TD/GCA) of 2.45x (PY: 3.07x) in FY26. In Q1FY27, RSL prepaid its term loan (in entirety) and working capital borrowings from IPO proceeds. With this, PBILDT interest coverage strengthened to 16.70x in Q1FY27 (UA).

The company is planning to undertake partly debt-funded capex for capacity expansion in bright bars, setting up of seamless pipes unit and other initiatives. The total outlay is expected to be funded by a mix of debt, IPO proceeds and internal accruals. Financial risk profile of RSL even after considering this debt, is expected to remain comfortable.

Extensive experience of promoters in the steel industry

The company's operations are led by directors, Shankarlal Deepchand Mehta, Babulal D. Mehta, and Jayesh Natvarlal Pithva, who have an experience of over two decades in the steel industry. Yash Mehta, Promoter and Chief Executive Officer, also has around a decade of industry experience.

Key weaknesses

Working capital intensive nature of operations

The company's operations remain inherently working capital intensive, as reflected by gross current asset days of 137 days as on March 31, 2026 (PY: 134 days). The gross current asset days were primarily due to inventory holding period of 62 days and collection period of 52 days. The company sources large part of its raw material against confirmed orders, mitigating the raw material price fluctuation risk to certain extent.

Cyclical nature of the steel industry

The company's operating performance remains exposed to the inherently cyclical nature of the stainless steel industry. Demand for stainless steel products is closely linked to the performance of key end-user sectors such as construction, infrastructure, automobiles, engineering, and capital goods. Consequently, slowdown in economic activity, reduction in infrastructure spending, or weakness in industrial and automotive demand can adversely impact steel consumption and product realisations.

Susceptibility of profitability to raw material and forex volatility

The company's profitability remains vulnerable to fluctuations in raw material prices and foreign exchange rates. Raw materials, primarily stainless steel scrap, constituted ~82% of the total cost of sales in FY26, exposing margins to volatility in steel scrap prices.

The company imports ~35-40% of its raw material requirements and does not have active foreign currency hedging, exposing its profitability to adverse movements in foreign exchange rates.

Liquidity: Adequate

RSL had adequate liquidity, supported by GCA of ₹57.97 crore in FY26, repayment of entire term loan in Q1FY27 and no utilisation of fund-based working capital limits post April 2026. The operating cycle elongated to 80 days in FY26 (PY: 52 days), primarily due to increase in inventory days and lower creditor days, following payments made to creditors at the year-end. Cash and bank balance stood at ₹126.04 crore as of FY26-end, including unutilised IPO proceeds of ₹116.67 crore earmarked for repayment of bank borrowings and capital expenditure.

Average utilisation of fund-based and non-fund-based working capital limits for the 12 months ending July 2026 remained moderate at ~54% and ~51%, respectively. The company has not utilised its fund-based working capital limits since April 2026, underpinning its adequate liquidity.

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](#)
[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	Iron & steel

Halol-based RSL is engaged in manufacturing long and flat stainless-steel products, including billets, forging ingots, rolled black bars, rolled bright bars, and other ancillary products under the brand name "RSL". RSL primarily operates through its manufacturing facility at Halol Kalol Road, Kalol, Panchmahal, Gujarat. Currently, the company is managed by Shankarlal Deepchand Mehta, Babulal D. Mehta, and Jayesh Natvarlal Pithva.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	933.43	1,007.57	306.54
PBILDT*	74.77	92.52	28.72
Profit after tax (PAT)	39.68	50.15	20.20
Overall gearing (x)	0.99	0.39	NA
Interest coverage (x)	4.85	4.60	16.70

A: Audited; UA: Unaudited; NA: Data not available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size pf the issue (₹ crore)	Rating assigned & rating outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-09-2037	30.00	CARE A-; Stable
Fund-based - LT/ ST-Cash Credit	RBI	Simple	-	-	-	-	70.00	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ ST-Letter of credit	RBI	Simple	-	-	-	-	60.00	CARE A-; Stable / CARE A2+

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 2026-2027	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
1	Fund-based - LT/ ST-Cash Credit	LT/ST	70.00	CARE A-; Stable / CARE A2+				
2	Fund-based - LT-Term Loan	LT	30.00	CARE A-; Stable				
3	Non-fund-based - LT/ ST-Letter of credit	LT/ST	60.00	CARE A-; Stable / CARE A2+				

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

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

Annexure-4: 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

Media Contact	Analytical Contacts
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: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Anuja Parikh Associate Director **CARE Ratings Limited** Phone: 079-40265616 E-mail: anuja.parikh@careedge.in Kena Bhavsar Lead Analyst **CARE Ratings Limited** E-mail: Kena.bhavsar@careedge.in

About us:
Established in 1993, CareEdge 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, CareEdge 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, CareEdge 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. CareEdge 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

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