



Press Release
METAL COATINGS (INDIA) LIMITED
August 13, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.50	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	1.50	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	15.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and the short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three plus**) on the Rs.15.00 crore bank facilities of Metal Coatings (India) Limited (MCIL). The outlook is ‘**Stable**’.

Rationale for rating reaffirmation

The rating reaffirmation reflects MCIL's healthy financial risk profile, moderate working capital intensity, adequate liquidity position and longstanding operational track record supported by over two decades of promoter experience in the iron and steel industry. However, the rating remains constrained by a declining trend in operating performance over the past three fiscal years and thin profit margins which are vulnerable to volatility in raw material prices.

About the Company

Incorporated in 1994, Delhi based Metal Coatings (India) Limited (MCIL) is a publicly listed entity promoted by Khandelwal family. The company is engaged in manufacturing of cold rolled (CR) steel strips or coils and hot rolled (HR) pickled and oiled steel strips or coils with an installed capacity of 15,000 MTPA and 9,500 MTPA as on 31st March 2025, respectively. The company is currently managed by Mr. Ramesh Chander Khandelwal, Mr. Pramod Khandelwal, Ms. Deeksha Keswani, Ms. Aanchal Gupta, Ms. Rupali Aggarwal and Mr. Sachin Khurana. The company has its manufacturing facility located in Faridabad.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MCIL while arriving at the rating.

Key Rating Drivers

Strengths

Established track record of operation and experienced management

The company has a long execution track record of more than two decades supported by experience of its directors in the iron and steel industry. Therefore, the company has a long presence in this sector and has established a healthy relationship with customers of more than a decade.

Healthy financial risk profile

While the net worth of the company stood moderate and improved from Rs.39.63 Cr. in FY2024 to Rs.42.17 Cr. in FY2025 owing to profit accretion, the company's policy of minimal reliance on external debt has kept the gearing healthy at 0.04 times in FY2025 (0.05 times in FY24). Further, the coverage indicators moderated with interest coverage ratio at 2.55 times in FY2025 (232.97 times in FY2024) on account of increase in the finance cost which includes one-time interest obligations settlement payment of ~Rs.2.3 Cr. made to Haryana State Industrial & Infrastructure Development Corporation Ltd (HSIIDC) over a long-standing price enhancement issue related to land purchased from HSIIDC. However, the same is expected to normalise from the next year.

Going forward, Acuite believes the financial risk profile of the company will continue to remain healthy on account of steady business accruals minimal reliance on external debt.

Moderate working capital operations

MCILs working capital operations are moderate in nature marked by moderate gross current asset days of 86 days in FY2025 against 77 days in FY2024. The debtor days stood at 51 days in FY2025 against 62 days in FY2024. The company generally gives credit period of 30-60 days to its customers. The creditor days stood at 4 days in FY2025 against 1 day in FY2024. The company generally pays advance to its major supplier i.e., Tata Steel Limited (~46% of the total raw material purchased) and gets credit period of 5 days from other suppliers. The company relies less on its working capital limits from banks and utilises its liquid investments to meet working capital requirements.

Going ahead, the working capital operations are expected to remain moderate over the medium term.

Weaknesses

Moderating revenues along with stagnant profitability

MCIL's operating revenue is declining on y-o-y basis and stood at Rs.160.25 Cr. in FY2025 against Rs.168.41 Cr. in FY2024 and Rs.170.40 Cr. in FY2023. This decline reflects the broader challenges faced by the steel industry during the year, including intensified competition, fluctuations in global steel prices, and a slowdown in demand across key domestic and international markets. The operating profit margin improved to 3.31% in FY2025 against 1.92% in FY2024 primarily on account of fluctuation in the raw material prices owing to company's ability to pass on the same to its customers. However, the PAT margin stood stagnant in FY2025 & FY2024 at 1.48% primarily attributable to an increase in finance costs, which exerted downward pressure on the bottom line in FY2025.

Exposure to volatility in raw material prices

MCIL's cash flows are susceptible to movement in the steel prices. The raw material costs of the company consist of ~ 81-85 per cent of the total revenue. Further, on account of its moderate size and highly fragmented industry, adverse price movements in the steel and metal market can result in severe deterioration in MCIL's profitability margin and debt protection metrics.

Rating Sensitivities

- Scaling up of operations with improving profitability margin.
- Continued maintenance of a healthy financial risk profile.
- Any elongation in working capital causing stretch in the liquidity.

Liquidity Position

Adequate

The company has an adequate liquidity position marked by net cash accruals of Rs.2.98 Cr. against nil repayment obligations during the same period. The reliance on working capital limits is low, giving the company ~96% unutilized credit limits for additional working capital requirements. Further, the company has ~Rs.8.35 Cr. liquid investment through which it meets its working capital requirements. The cash and bank balance stood at Rs.0.16 Cr. as on March 31, 2025. The current ratio of the company stood healthy at 3.89 times as on March 31, 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	160.25	168.41
PAT	Rs. Cr.	2.37	2.50
PAT Margin	(%)	1.48	1.48
Total Debt/Tangible Net Worth	Times	0.04	0.05
PBDIT/Interest	Times	2.55	232.97

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
15 May 2024	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	13.50	ACUITE BBB Stable (Reaffirmed)
16 Feb 2023	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	13.50	ACUITE BBB Stable (Reaffirmed)
25 Jan 2022	Bank Guarantee/Letter of Guarantee	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Secured Overdraft	Long Term	13.50	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HSBC	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A3+ Reaffirmed
HSBC	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.50	Simple	ACUITE BBB Stable Reaffirmed

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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