June 18, 2026

LGB Steel Private Limited (Earlie- Rsal Steel Private Limited): Ratings upgraded and removed from Issuer Not-Cooperating category

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based – Term loan	35.59	-	-
Long term - Fund based - Cash credit	34.93	20.00	[ICRA] A+ (Stable); upgraded from [ICRA] D and removed from Issuer Not-Cooperating category
Short term – Non-fund based - Others	206.55	60.00	[ICRA] A1; upgraded from [ICRA] D removed from Issuer Not-Cooperating category
Total	**277.07**	**80.00**	

**Instrument details are provided in Annexure II*

Rationale

ICRA has upgraded the ratings of LGB Steel Private Limited (LGBSPL) to [ICRA]A+(Stable)/[ICRA]A1 and removed the ratings from the Issuer Not-Cooperating category. The revision in the ratings factors in the regularisation in its servicing of debt obligations following a restructuring of its credit facilities and a change in the ownership under a resolution plan approved by the lenders, effective February 2024. The rating action takes into account the significant improvement in LGBSPL's credit profile after it was acquired by LG Balakrishnan & Bros Limited {LGB; rated [ICRA]AA (Stable)/A1+}. As a wholly-owned subsidiary of LGB, LGBSPL is expected to receive significant operational, financial and management support from the parent. The ratings also factor in the company's enhanced financial flexibility due to the strong parentage.

LGBSPL's operating profile has improved following the shift to specialised cold-rolled close annealed (CRCA) grades, which currently constitute a major portion of its production. These products involve higher processing complexity and cater to niche applications across the automotive and industrial segments, resulting in higher value addition, relatively limited competition and improved pricing power compared to conventional grades. After the acquisition by LGB, the production has significantly ramped up, with a capacity utilisation of ~77% in FY2026. This was supported by the increasing share of own manufacturing (against job work earlier), a stable order book of around two months and a diversified customer base across group and external clients. Further, the ongoing capacity expansion (including additional annealing furnaces) is likely to support growth in volumes and revenues over the medium term. LGBSPL reported an operating income of ~Rs. 207 crore and operating margin of ~8.2% in FY2026. These financial metrics are likely to improve further in the current fiscal with a ramp-up in sales volume. The leverage and coverage indicators also remained comfortable.

ICRA also notes the entity's capital expenditure plans in the medium term to enhance the capacity as well as improve the product mix with a capability to handle large-diameter material. The total capex is expected to be around Rs 100 crore, which is likely to be funded through a debt:equity mix of 3:1. However, the project is at nascent stage and LGB is expected to contribute to the equity requirement of the project. The project execution timeline and funding pattern will remain a key monitorable.

The ratings, however, are constrained by the company's relatively small scale of operations at present. While the revenues have grown, the scale remains modest on an absolute basis. The ratings also factor in the inherent cyclicality in the end-user industries, particularly the automobile sector, which accounts for a significant portion of demand for the company's products. Further, the company remains exposed to raw material price volatility and the cyclicality inherent in the steel industry. Overall, the performance will continue to depend on its ability to scale up operations, sustain margins in the specialised product segment and manage working capital requirements efficiently, while benefiting from continued support from the parent entity.

The Stable outlook on the long-term rating of LGBSPL factors in a steady order execution, adequate liquidity and comfortable cash flows relative to the debt servicing obligations.

Key rating drivers and their description

Credit strengths

Wholly-owned subsidiary of LG Balakrishnan and Bros Ltd, which has a strong financial risk profile - The ratings factor in the company's status as a wholly-owned subsidiary of LG Balakrishnan & Bros Limited (LGB), which has a strong financial risk profile and established presence in the automotive components manufacturing industry. LGBSPL is expected to receive significant operational, financial and management support from LGB because of its parentage. The ratings also factor in the company's enhanced financial flexibility due to its strong parentage.

Comfortable leverage and coverage indicators - LGBSPL's financial risk profile remains comfortable, characterised by low leverage and healthy coverage indicators. There is nil term loan and the total debt primarily comprises working capital facilities to meet the working capital requirements of the entity. Consequently, the company's debt coverage metrics remain strong with total debt to OPBDITA of 0.8 times and healthy interest coverage of 6.1 times in FY2026. ICRA expects the leverage and coverage metrics to remain comfortable over the near to medium term, supported by the improving scale of operations and steady profitability.

ICRA also notes the entity's capital expenditure plans over the medium term to enhance the capacity as well as improve the product mix with the capability to handle large-diameter material. The total capex is expected to be around Rs. 100 crore, which is likely to be funded through a debt:equity mix of 3:1. However, the plan is at a nascent stage and LGB is expected to contribute to the equity requirement of the project. The project execution timeline and funding pattern will remain a key monitorable.

Established track record in cold rolling business; shift towards special grade products improves the operating profile - The company benefits from its established track record in the cold rolling segment, supported by the long-standing operations and technical capabilities in processing hot-rolled coils into cold-rolled products. Over the years, it has successfully transitioned its product mix towards specialised grades, which currently account for a dominant share of the production. These products involve higher processing complexity, including multiple stages of rolling and annealing, and cater to niche applications across the automotive and industrial segments. The shift towards specialised grades has led to higher value addition, relatively limited competition and improved pricing power, compared to conventional auto-grade steel.

Credit challenges

Exposed to cyclicality in automobile sector, the key contributor to LGBSPL's revenue - The ratings are constrained by the company's exposure to the cyclicality in the automobile and allied sectors, which are the key end-user segments for its products. The demand for specialised CRCA grades is closely linked to the performance of automotive and industrial component manufacturers, rendering the company's revenues susceptible to fluctuations in industry cycles. Any slowdown in automobile production or broader industrial activity could adversely impact the order flows and capacity utilisation levels.

Vulnerable to price fluctuation risks and cyclicality inherent in steel industry - The ratings are constrained by the inherent cyclicality and price volatility associated with the steel industry. The company's raw material, primarily hot-rolled coils, is subject to fluctuations in global and domestic steel prices, which can impact input costs and, consequently, the profitability. While the company benefits from its presence in specialised product segments, allowing the pass-through of input cost variations, there could be timing mismatches between the changes in raw material prices and product realisations. Additionally, the overall demand environment for steel products remains cyclical, influenced by macroeconomic conditions and industrial activity, which could affect the company's operating performance during downturns.

Small scale of operations - The ratings are constrained by the company's relatively small scale of operations at present as it commenced operations under the current ownership in FY2025 following its acquisition through the National Company Law

Tribunal (NCLT) route. While there has been a healthy growth in revenues with a ramp-up in volumes, the scale remains modest on an absolute basis.

Liquidity position: Adequate

LGBSPL's liquidity profile remains adequate. The liquidity is supported by healthy undrawn bank lines and nil repayment obligations in the near to medium term. The company's average fund-based utilisation was ~39% over the last 12 months ended April 2026, providing cushion for working capital requirements. Its capital expenditure plans are at a nascent stage and are likely to be funded through a mix of equity and debt. The project execution timeline and funding pattern of the capex will remain a key monitorable.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company's revenue and profitability improve, resulting in stronger debt coverage metrics and a healthier liquidity position on a sustained basis. An improvement in the credit profile of the parent would also be a positive factor.

Negative factors – The ratings could be revised downwards if there is any significant deterioration in the earnings that would weaken the leverage and coverage metrics of the entity. A specific trigger for downgrade would be an interest coverage of below 3.5 times on a sustained basis. A deterioration in the credit profile of the parent would also be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel Policy on Default Recognition
Parent/Group support	LG Balakrishnan & Bros Limited; rated: [ICRA]AA (Stable)/ [ICRA]A1+ The ratings factor in ICRA's expectation that LG Balakrishnan & Bros Limited, rated [ICRA]AA (Stable)/ [ICRA]A1+, would be willing to extend financial support to LGBSPL, if there is a need.
Consolidation/Standalone	Standalone

About the company

LGB Steel Private Limited (erstwhile RSAL Steel Private Limited) was incorporated in December 2010 as a wholly-owned subsidiary of Ruchi Strips & Alloys Limited (RSAL). LG Balakrishnan & Bros Limited (LGB) acquired RSAL Steel Private Limited in FY2024 through the NCLT route for a total consideration of ~Rs. 36 crore. The name of the company has been changed to LGB Steel Private Limited (LGBSPL). The operations commenced in FY2025 and LGB infused an equity of ~Rs. 15 crore into the company after the acquisition. LGB Steel Private Limited operates as a downstream steel processing unit, wherein it does not manufacture primary steel but undertakes the conversion of hot-rolled coils into cold-rolled and other processed products. The primary raw material comprises HRC sourced from domestic integrated steel manufacturers.

Key financial indicators (audited)

LGB (Standalone)	FY2025	FY2026
Operating income	83.9	207.2
PAT	11.2	13.4
OPBDIT/OI	3.7%	8.2%
PAT/OI	13.3%	6.5%
Total outside liabilities/Tangible net worth (times)	0.3	0.7
Total debt/OPBDIT (times)	0.5	0.8
Interest coverage (times)	2.9	6.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	20.00	June 18, 2026	[ICRA]A+ (Stable)	-	-	Jan 31, 2025	[ICRA]D; ISSUER NOT COOPERATING	Nov 29, 2023	[ICRA]D; ISSUER NOT COOPERATING
			April 29, 2026	[ICRA]D; ISSUER NOT COOPERATING	-	-				
Non-fund based - Others	Short Term	60.00	June 18, 2026	[ICRA]A1	-	-	Jan 31, 2025	[ICRA]D; ISSUER NOT COOPERATING	Nov 29, 2023	[ICRA]D; ISSUER NOT COOPERATING
			April 29, 2026	[ICRA]D; ISSUER NOT COOPERATING	-	-				
Term loan	Long term	-	April 29, 2026	[ICRA]D; ISSUER NOT COOPERATING	-	-	Jan 31, 2025	[ICRA]D; ISSUER NOT COOPERATING	Nov 29, 2023	[ICRA]D; ISSUER NOT COOPERATING

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI

9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Cash credit	Simple
Short term – Non-fund based - Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long term - Fund based - Cash credit**	-	-	-	20.00	[ICRA]A+ (Stable)
NA	**Short term – Non-fund based - Others**	-	-	-	60.00	[ICRA]A1

Source: Company

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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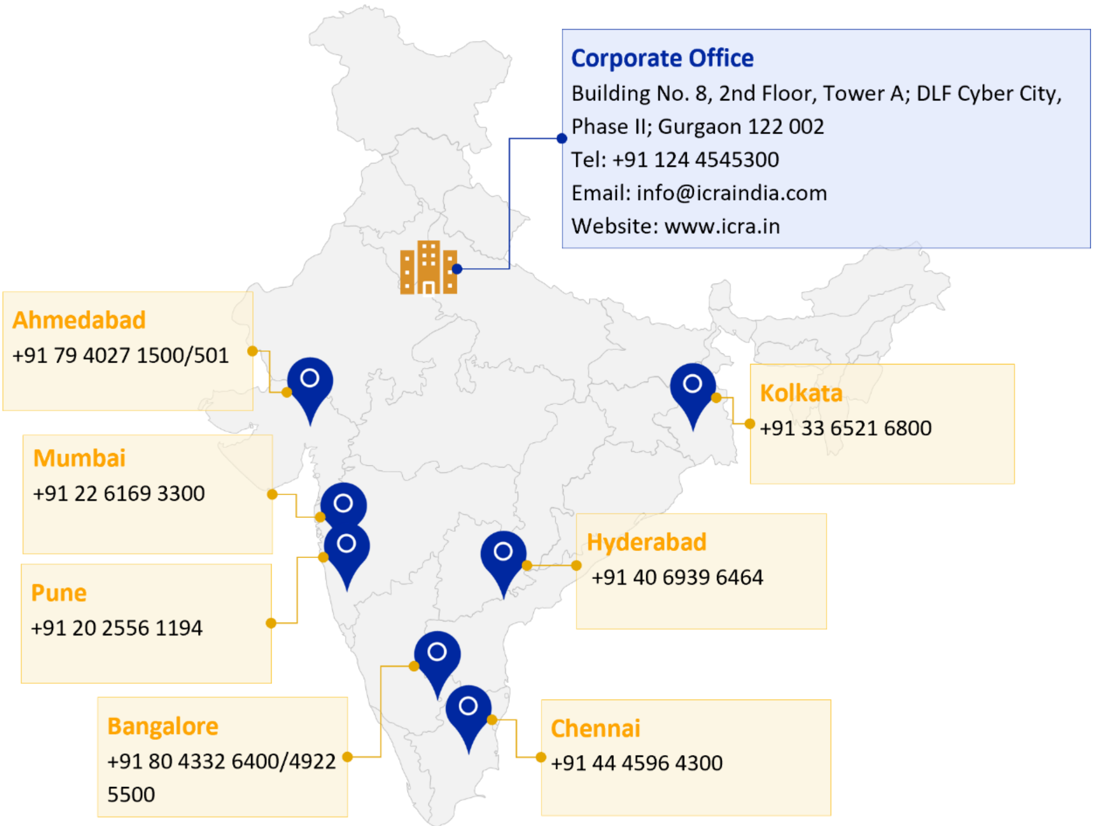

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