

July 29, 2025

Captain Steel India Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based – Cash Credit/ WCDL	230.00	250.00	[ICRA]A+ (Stable); Reaffirmed/ Assigned for enhance amount
Short term – Non-fund based – Bank Guarantee	40.00	40.00	[ICRA]A1+; Reaffirmed
Short term – Non-fund based – Letter of Credit/ Bank Guarantee (Interchangeable)	(30.00)	(30.00)	[ICRA]A1+; Reaffirmed
Long-term/ Short term – Unallocated limit	-	5.00	[ICRA]A+(Stable)/[ICRA]A1+; Assigned
Total	270.00	295.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings reaffirmation for Captain Steel India Limited (CSIL) continues to consider its established operational track record in the secondary steel industry, prominence of its brand (Captain TMT) for thermo-mechanically treated (TMT) bars and a strong distribution network, particularly in the eastern India, positively supporting its sales volumes as well as realisations. The ratings also draw comfort from the company's strong financial profile with healthy cash accruals, a conservative capital structure and strong debt coverage metrics due to limited debt. In FY2025, despite a moderation in realisation, the operating margin improved by 100 basis point (bps), leading to better spread. The leverage and coverage metrics remained comfortable as characterised by TD/OPBDITA of 1.6 times and interest coverage of 7.1 times in FY2025. In FY2026, the performance is expected to remain stable, led by better capacity utilisation and expansion of billet manufacturing capacity, while realisation continue to remain subdued. The debt coverage metrics are also expected to remain comfortable. The liquidity position remained healthy with cash and liquid investment balance of Rs 267 crore as on March 31, 2025. While the entity is undertaking capex to expand its billet manufacturing capacities, the healthy cash flow from operations is likely to be sufficient for funding the same, limiting the term loan requirement for the same. In addition, post expansion, the increase in billet manufacturing capacities is likely to improve the operating profile of the entity. In addition, the company (through its wholly owned subsidiary-Captain Industries India Pvt. Ltd.) has plans for a greenfield capex over the coming years. However, the land allotment is still pending for the same and the project capex and the funding plans would be contingent upon land allotment. Any large debt-funded capex compared to earlier envisaged impacting liquidity and leverage and coverage metrics would remain the key rating sensitivity.

The ratings are constrained by the limited backward integration in the company's current operations, restricting value addition. Besides, CSIL remains exposed to the cyclicity inherent in the steel industry and competitive nature of the secondary steel industry, which is likely to keep margins under check despite a premium over market prices fetched by the company's branded products.

The Stable outlook on the [ICRA]A+ rating reflects ICRA's opinion that CSIL's strong market positioning, particularly in eastern India, would sustain going forward, notwithstanding an intense competition in the secondary steel market. The company's capital structure and liquidity are likely to remain favourable despite its planned debt-funded capital expenditure in the near-to-medium term.

Key rating drivers and their description

Credit strengths

Established operational track record in the secondary steel industry – CSIL commenced operations in 2007. At present, it has a billet manufacturing unit and a rolling mill unit having installed capacities of 2,07,360 tonnes per annum (tpa) and 2,49,360 tpa, respectively in Asansol, West Bengal. The billets manufactured are primarily consumed in-house for manufacturing TMT bars. The company has added two more induction furnaces in FY2025 and has also planned to install one new induction furnace by September 2025, which will bring the annual capacity of Asansol plant to ~2,94,000 MT. This Installation is aimed to be self-sufficient in billet in near terms for TMT manufacturing. CSIL also has conversion arrangement with JMD Alloys Limited (JMD), which manufactures TMT bars in its plant in Patna, Bihar for CSIL as per its product specifications, which has a TMT bar manufacturing capacity of 1,80,500 tpa. CSIL has provided an unsecured loan (Rs. 100.7 crore as on March 31, 2025) to JMD for upgradation of its rolling mill unit and establishment of billet manufacturing capacity. CSIL also used to produce TMT bars in a leased unit, with a capacity of 96,000 tpa, located at Barjora, West Bengal. However, the company has discontinued production in the leased unit. The company's adequate product quality and expansion of manufacturing base through third-party facilities have strengthened its business profile. In addition to normal TMT bars, the company has also installed a facility to manufacture rust-free (epoxy coated) TMT bars, which are relatively value-added products.

Strong brand position and distribution network, particularly in eastern India – CSIL sells TMT bars under the brand name, Captain TMT. Over the years, the company has taken various steps for developing the brand, including promotion through brand ambassador, Mr. Sourav Ganguly, which has helped in building a strong brand recall for the company. CSIL is also focussing on advertising at the regional and national levels. Such promotional activities have helped the company in strengthening its brand position, thereby commanding a premium over the market rates of TMT bars. In addition, CSIL's strong distribution network, particularly in the eastern India, also helped augment its sales over the years. Nevertheless, the company's advertising and promotional expenses (including discounts and incentives) remained high (~Rs. 130 crore in FY2025).

Healthy cash accrual and low debt reflect a strong financial profile – The company's operating income remained healthy and improved by 15% to Rs. 2,102.6 crore in FY2025 from Rs. 1,834.8 crore in FY2024, aided by improved capacity utilization. Its net cash accrual also remained healthy at Rs. 85.4 crore in FY2025, compared to Rs. 54.8 crore in FY2024. In FY2026, the company's operating income is likely to remain steady, led by improvement in volumes, while the realisation continued to remain muted as on date. Nevertheless, CSIL's profits and cash accruals would continue to remain healthy. Production of a significant portion of TMT bars through conversion arrangement has led to an asset-light operation. CSIL does not have any long-term loan at present. The working capital intensity (NWC/OI) increased in FY2025 to ~11% from around 7% in FY2024, resulting in higher working capital debt of Rs 150 crore as on March 31, 2025. Nonetheless, the company's healthy profits at an absolute level and low debt led to strong debt coverage metrics. In FY2025, the company has an interest coverage of 7.1 times (5.0 times in FY2024) and DSCR of 7.3 times (5.2 times in FY2024).

Credit challenges

Lack of backward vertical integration in existing operation, however, the same is likely to improve, going forward – CSIL's operations are partially backward integrated, and it sources a significant portion of the billets required for TMT bar production from the market. Such limited backward integration in operation restricts value addition and exposes it to fluctuations in raw material prices compared to the relatively more integrated players. However, the company's plans to increase its in-house billet manufacturing capacity in the near term and to install sponge iron facility and captive power plants, going forward, are likely to enhance value addition.

Competitive nature of the industry likely to keep margins under check, however, CSIL's established brand fetches premium over market prices – CSIL derives the major portion of its revenue from semi-urban and rural areas. The fragmented nature of the secondary steel industry and intense competition from other organised as well as unorganised players are likely to keep

its margins under check. However, the company's products fetch a significant premium over market rates due to its established brand (Captain).

Exposed to cyclicalities inherent in the steel industry, as reflected by volatile margins in recent years – The steel industry is characterised by its inherent cyclicalities. This is likely to keep the profitability and cash flows of all the players in the industry, including CSIL, volatile. In the past, owing to volatility in raw material costs and steel prices, the margins were impacted. Nonetheless, in FY 2025, the increase in production and sales volume along with improvement in contribution level with higher decline in raw material cost compared to drop in realisation resulted in an improvement in OPBDITA/MT. The OPBDITA/MT improved from Rs 2016/MT in FY2024 to around Rs 2521/MT in FY2025. The sales volume increase was much sharper with an overall increase of ~17% from 3.22 lac MT in FY24 to around 3.79 lac MT in FY2025.

Liquidity position: Strong

The company's liquidity position is likely to remain strong. CSIL does not have any long-term loan at present. The company's liquidity is supported by a significant undrawn working capital with respect to the drawing power (~Rs. 100 crore on an average in FY2025) and sizeable free fixed deposits and investments (~Rs. 267 crore at the end of March 2025). The total capital expenditure is likely to be around Rs 55 crore in FY2026, which is expected to be funded through internal cash accruals. The proposed large greenfield capex is contingent upon land allotment and no progress is there compared to the previous year. CSIL's large investment portfolio, healthy cash flow from operations and undrawn working capital limits provide an adequate headroom for meeting the internal funding requirement of the capex.

Rating sensitivities

Positive factors – ICRA may upgrade the long-term rating if CSIL demonstrates a significant growth in the scale of operation and profitability on a sustained basis, with maintenance of healthy credit metrics and liquidity.

Negative factors – Pressure on the company's ratings may arise if weakening of the steel industry adversely impacts the company's revenues and profitability on a sustained basis and/or if its liquidity position deteriorates. A decline in the company's interest coverage to below 6.5 times on a sustained basis may also trigger ratings downgrade. In addition, any large debt funding capex than expectations impacting liquidity, would be a credit negative.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the entity

About the company

Captain Steel India Limited (erstwhile BMA Stainless Limited) commenced its operations in 2007. At present, it has a billet manufacturing unit along with a rolling mill unit with installed capacities of 2,07,360 tonnes per annum (tpa) and 2,49,360 tpa, respectively in Asansol, West Bengal. The billets manufactured are primarily consumed in-house for manufacturing TMT bars. CSIL also has tie-up with a plant in Patna, Bihar, having an installed capacity of 1,80,500 tpa, to convert billets into TMT bars, as per CSIL's specifications. In December 2020, CSIL commenced production of TMT bars in a leased unit at Barjora, West Bengal with a manufacturing capacity of 96,000 tpa. However, the company has discontinued operations in the Barjora plant.

Key financial indicators (audited/ Provisional)

CSIL (Standalone)	FY2023	FY2024	FY2025*
Operating income	2095.2	1834.8	2102.6
PAT	57.6	55.4	79.9
OPBDIT/OI	3.7%	3.5%	4.5%
PAT/OI	2.7%	3.0%	3.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	0.5
Total debt/OPBDIT (times)	0.2	0.5	1.6
Interest coverage (times)	8.3	5.0	7.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes, and amortisation; Amount in Rs. crore, *Provisional

Note: All financial ratios as per ICRA's calculation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current year (FY2026)		Chronology of rating history for the past 3 years						
		Amount Rated (Rs Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit/ WCDL	Long term	250.00	July 29, 2025	[ICRA]A+ (Stable)	Apr 03, 2024	[ICRA]A+ (Stable)	-	-	Feb 24, 2023	[ICRA]A+ (Stable)
Bank Guarantee	Short term	40.00	July 29, 2025	[ICRA]A1+	Apr 03, 2024	[ICRA]A1+	-	-	Feb 24, 2023	[ICRA]A1+
Letter of Credit/ Bank Guarantee (Interchangeable)	Short term	(30.00)	July 29, 2025	[ICRA]A1+	Apr 03, 2024	[ICRA]A1+	-	-	Feb 24, 2023	[ICRA]A1+
Unallocated limit	Long term/ Short term	5.00	July 29, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	-	-	Feb 24, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund-based – Cash Credit/ WCDL	Simple
Short term – Non-fund based – Bank Guarantee	Very Simple
Short term – Non-fund based – Letter of Credit/ Bank Guarantee (Interchangeable)	Very Simple
Long-term/ Short term – Unallocated limit	Not applicable

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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit/ WCDL	NA	NA	NA	250.00	[ICRA]A+ (Stable)
NA	Bank Guarantee	NA	NA	NA	40.00	[ICRA]A1+
NA	Letter of Credit/ Bank Guarantee (Interchangeable)	NA	NA	NA	(30.00)	[ICRA]A1+
NA	Unallocated limit	NA	NA	NA	5.00	[ICRA]A+ (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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