

August 01, 2025

## Bansal Alloys & Metals Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long term-cash credit-fund based	49.00	49.00	[ICRA]BBB+ (Stable); reaffirmed
Long term-term loan-fund based	1.04	1.04	[ICRA]BBB+ (Stable); reaffirmed
Short term-others-non fund based	14.20	14.20	[ICRA]A2; reaffirmed
Short term-others-non fund based	-	1.20	[ICRA]A2; reaffirmed
Long term / short term-unallocated-unallocated-unallocated	3.96	2.76	[ICRA]BBB+ (Stable)/ [ICRA]A2; reaffirmed
<b>Total</b>	<b>68.20</b>	<b>68.20</b>	

\*Instrument details are provided in Annexure-I

### Rationale

For arriving at the ratings, ICRA has taken a consolidated view of Bansal Alloys & Metals Private Limited (BAMPL) and its Group companies, Bansal Iron & Steel Rolling Mills (BISRM) and Bansal Ispat Udyog (BIU), together referred to as the Bansal Group, given the common management and similar lines of business.

The ratings reaffirmation continues to consider the long track record of the promoters in manufacturing structural steel products and the Bansal Group's presence in one of the largest steel markets in India, Mandi Gobindgarh (Punjab). The location provides a ready market for procuring raw material as well as for facilitating the sale of finished goods.

In FY2024, the Group reported a consolidated revenue of Rs 2101 crore with an operating profit of Rs 48.4 crore. The coverage metrics were comfortable despite the thin operating margins owing to limited external debt.

In FY2025, the Group reported consolidated revenue of Rs 2,000 crores, with a decline from Rs 2,101 crore in FY2024, primarily due to lower realisations, although sales volumes remained stable. This decline in revenue impacted the absolute OPBDITA, which stood at approximately Rs 40 crores. The same impacted the leverage and coverage indicators, with total debt/OPBDITA of 2.8 times and interest coverage of 2.9 times in FY2025. However, the external debt remained steady at Rs 44 crore, which provide comforts. The liquidity remained comfortable, with cushion available in working capital (WC) fund-based limits of Rs 110 crores, of which Rs 43.6 crores was utilized as of March 31, 2025.

Further, the Group has planned capital expenditure of Rs 90 crore for FY2026 and FY2027 in BAMPL, along with a routine capex of Rs 10-15 crore per annum. This will be funded through a combination of debt and internal accruals. The company would be availing Rs 65 crore in term debt for a solar plant project and the balance would be funded through internal accruals or receipt of past subsidies.

Despite the upcoming capex, the net profits and cash accruals are expected to remain adequate to the meet debt servicing and capex requirement, as the new term loan is expected to have a one-year moratorium, with repayments beginning from FY2027, while the debt coverage metrics & gearing are expected to moderate. Additionally, the receipt of Rs 15 crore from the Punjab Invest Scheme in FY2026 will support net cash accruals. The company's liquidity position remains adequate, with sufficient headroom in its sanctioned working capital limits.

The ratings are constrained by the Group's thin operating margins due to the low value-added nature of its products. The margins remained low in FY2024 in line with FY2023 and moderated in FY2025, compared to average margins reported in earlier years. ICRA also considers the intense competition in the fragmented and commoditised structural steel market, limiting

the pricing flexibility and impacting margins. The ratings are constrained by the Group's exposure to cyclical inherent in the steel industry. Given the dependence on raw material imports, the Group's exposure to forex risks further affected the ratings. However, the Group has a policy for forex hedging to protect its margins.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group's credit metrics would continue to remain at comfortable levels going forward, aided by steady accruals and moderate dependence on external debt.

## Key rating drivers and their description

### Credit strengths

**Comfortable financial risk profile despite moderation in margins in FY2025** – In FY2024, the consolidated reported revenue of Rs 2101 crore with an operating profit of Rs 48.4 crore. The coverage metrics were comfortable despite thin operating margins owing to limited external debt.

In FY2025, the Group reported consolidated revenue of Rs 2,000 crores, with a decline from Rs 2,101 crores in FY2024, primarily due to lower realisations, although sales volumes remained stable. This decline in revenue impacted the absolute OPBDITA, which stood at approximately Rs 40 crores.

The same impacted the leverage and coverage indicators, with total debt/OPBDITA of 2.8 times and interest coverage of 2.9 times in FY2025. However, the external debt remained steady at Rs 44 crore, which provide comforts. The liquidity remained comfortable, with cushion available in working capital (WC) fund-based limits of Rs 110 crores, of which Rs 43.6 crores was utilized as of March 31, 2025.

Further, the Group has planned capital expenditure of Rs 90 crore for FY2026 and FY2027 in BAMPL, along with routine capex of Rs 10-15 crore per annum. This will be funded through a combination of debt and internal accruals. The company would be availing Rs 65 crore in term debt for a solar plant project and the balance would be funded through internal accruals or receipt of past subsidies.

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**Significant experience of management and established operational track record in steel sector** – The Bansal Group has been involved in the manufacturing of various structural steel products since 1971 through BISRM, followed by BAMPL in 1990 and BIU in 2011. Given the extensive experience of the promoters in the industry and the established operational track record, the Group has been able to maintain good relations with the stakeholders across the value chain. It has also enhanced its capacities, resulting in higher volumes in FY2024.

**Location-specific advantage-** The Bansal Group's production facilities are in one of the largest steel markets in India, Mandi Gobindgarh, Punjab. The location provides a ready market for raw materials as well as finished goods, thus reducing the Group's overall freight costs.

### Credit challenges

**Thin operating margins due to low value-added nature of products** – The Group's operating margin remains thin due to the low value-added nature of products, keeping its coverage indicators under check. The operating margin witnessed moderation in FY2025 owing to a decline in steel prices.

**Stiff competition from highly fragmented and commoditised steel market**– The steel manufacturing business is characterised by intense competition across the value chain due to low product differentiation, and consequent high fragmentation and low entry barriers. This limits the pricing flexibility of the players operating in the market, including the Bansal Group.

**Susceptibility of margins to foreign exchange rate fluctuation risks** – BAMPL’s operations are raw material-intensive in nature, with raw material consumption and consumables accounting for over 70% of its operating income (OI) over the last few years. The ratings are constrained by its exposure to forex risks, given the significant amount (value-wise) of raw material (iron and steel scrap) imported every year. Although the procurement of imported scrap has reduced significantly in the recent past, a considerable portion is still imported. Given the thin profitability, any adverse forex fluctuation can affect its margins. However, the Group engages in forex hedging to protect its margins.

**Exposure to cyclicity inherent in steel industry** – The domestic steel industry is cyclical in nature, which may impact the cash flows of steel players, including the Bansal Group.

### Liquidity position: Adequate

The Group’s liquidity position is adequate. It has annual debt repayments of ~ Rs. 2.5 crore of sanctioned term loan in FY26 and capex plan of ~Rs. 61.5 crore in FY2026, which would be funded through the Group’s receipt of Punjab investment subsidy proceeds of Rs 25 crores in FY26 of which Rs 15 crores has been received in FY26 along with expected cash generation, and capex partially being funded by external debt. The sufficient headroom in the working capital-sanctioned limits also supports the liquidity position.

### Rating sensitivities

**Positive factors** – ICRA could upgrade the long-term rating if the Group demonstrates a healthy and sustained increase in its scale and profitability thereby strengthening the debt coverage metrics and liquidity. Specific credit metrics that could lead to a rating upgrade include interest coverage over 4 times on a sustained basis.

**Negative factors** – A significant decline in the OI or operating profitability, or a deterioration in the liquidity position owing to a stretch in the working capital cycle or any large debt funded capex significantly impacting liquidity or debt coverage metrics could exert pressure on the ratings.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Iron &amp; Steel</a>
Parent/Group support	None
Consolidation/Standalone	The ratings are based on the consolidated financial profiles of BAMPL and its Group companies – BISRM and BIU

### About the company

BAMPL manufactures mild/alloy steel billets and rolled steel products, including HR coils. The company has been promoted by Mr. Prem Bansal, who along with his sons, looks after its operations. BAMPL’s shares are entirely held by the promoters and their family members. The company’s manufacturing facility is in Mandi Gobindgarh, Punjab, with an installed capacity of 2,28,000 metric tonnes per annum (MTPA).

BISRM is a partnership firm involved in rolling steel ingots/billets into girders and channels. These are primarily used for structural and construction purposes. The firm was promoted in 1971 and its manufacturing facility is in Mandi Gobindgarh, with an installed annual capacity of 39,000 MTPA.

BIU is a partnership firm, which manufactures TMT bars, girders, channels and angles. The unit has a tie-up with Kamdhenu Ispat and uses its brand name for the sale of products on payment of royalty fees. These are primarily used for structural and construction purposes. The firm was promoted in 2009 and commenced commercial operations in April 2011. Its manufacturing facility is in Mandi Gobindgarh, with an installed annual capacity of 2,20,000 MTPA.

#### Key financial indicators (audited)

Consolidated*	FY2024	FY2025#
<b>Operating income</b>	2101.5	2000.3
<b>PAT</b>	20.0	13.2
<b>OPBDIT/OI (%)</b>	2.3%	2.0%
<b>PAT/OI (%)</b>	1.0%	0.7%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.0	0.9
<b>Total debt/OPBDIT (times)</b>	1.9	2.8
<b>Interest coverage (times)</b>	3.3	2.9

PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Consolidation of BAMPL, BISRM and BIU done by ICRA based on elimination of inter-group transactions based on public disclosures; # Provisional numbers; Amount in Rs crore

#### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

#### Rating history for past three years

			Current (FY2026)		Chronology of rating history for the past 3 years						
			FY2026		FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	August 01, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund based facilities</b>	Long term	49.00	[ICRA]BBB+ (Stable)	Jun-30-25	[ICRA]BBB+ (Stable)	-	-	Mar-28-24	[ICRA]BBB+ (Stable)	Dec-30-22	[ICRA]BBB+ (Stable)
<b>Non-fund Based limits</b>	Short term	14.20	[ICRA]A2	Jun-30-25	[ICRA]A2	-	-	Mar-28-24	[ICRA]A2	Dec-30-22	[ICRA]A2
<b>Term Loans</b>	Long term	1.04	[ICRA]BBB+ (Stable)	Jun-30-25	[ICRA]BBB+ (Stable)	-	-	Mar-28-24	[ICRA]BBB+ (Stable)	Dec-30-22	[ICRA]BBB+ (Stable)
<b>Non-fund Based limits</b>	Short term	1.20	[ICRA]A2	-	-	-	-	-	-	-	-
<b>Unallocated</b>	Long Term/ Short term	2.76	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jun-30-25	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	Mar-28-24	[ICRA]BBB+ (Stable)/ [ICRA]A2	Dec-30-22	[ICRA]BBB+ (Stable)/ [ICRA]A2

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based facilities	Simple
Short term Non-fund Based limits	Very simple
Short term Non-fund Based limits	Very simple
Term Loans	Simple
Unallocated Limits	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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long term fund based facilities	-	-	-	49.00	[ICRA]BBB+(Stable)
NA	Short term Non-fund Based limits	-	-	-	14.20	[ICRA]A2
NA	Short term Non-fund Based limits	-	-	-	1.20	[ICRA]A2
NA	Term Loans	FY2020	-	FY2027	1.04	[ICRA]BBB+(Stable)
NA	Unallocated	-	-	-	2.76	[ICRA]BBB+(Stable)/ [ICRA]A2

Source: Company

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

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership	Consolidation Approach
Bansal Iron and Steel Rolling Mills	NA	100%
Bansal Ispat Udyog	NA	100%

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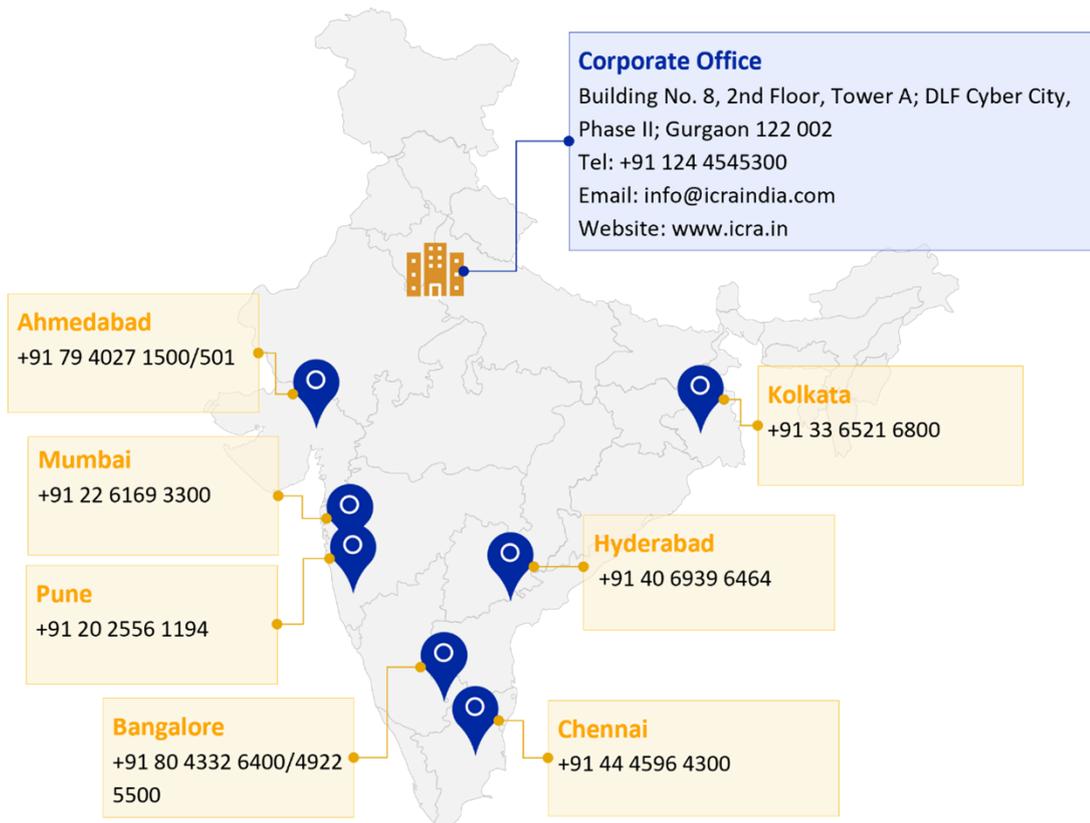
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