

March 23, 2026

BAALAJEE POWER AND ISPAT PRIVATE LIMITED: Rating 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 – Term loan	0.00	255.00	[ICRA]BBB (Stable); reaffirmed and assigned for an enhanced amount
Long term – Unallocated limits	20.00	0.00	-
Total	20.00	255.00	

*Instrument details are provided in Annexure I

Rationale

While arriving at the rating, ICRA has considered the consolidated view of operational and financial profiles of Baalajee Power and Ispat Private Limited (BPIPL) along with three other Group companies - Balajee Structural (India) Private Limited (BSIPL), Balajee Loha Private Limited (BLPL) and Shree Hanuman Loha Private Limited (SHLPL) (herein referred to as Group) - because of the managerial, operational and financial linkages among them. BPIPL is expected to have strong operational linkages with the Group entities as it will supply sponge iron/raw material and captive power to BSIPL, SHLPL and BLPL, once operational. This intra-Group offtake is expected to support the utilisation of BPIPL's capacities and strengthen the overall integration within the Group's steel value chain. SHLPL has also extended corporate guarantee for the loan availed by BPIPL.

The rating assigned factors in the established track record of the Raipur-based Balajee Group spanning more than three decades with presence across billets, rolling and downstream steel products. The rating also factors in the integrated nature of the operations, wherein the upcoming sponge iron and waste heat recovery boilers (WHRB)-based captive power facilities of BPIPL are expected to support captive raw material and power availability to its group entities. The planned backward integration initiatives are expected to lower the conversion and power costs by reducing the dependence on external sourcing, thereby strengthening the cost structure and supporting an improvement in the Group's operating margins over the medium term. Also, the Group's strategic geographic location in and around Raipur and Bemetara, Chhattisgarh, provides proximity to key raw material sources, pellet and coal suppliers, reducing the logistical costs and ensuring availability. Moreover, the proximity to the Group's upcoming BPIPL unit is expected to facilitate intra-Group supply for captive consumption once the operations commence, further strengthening the integration and operational efficiency.

The rating is, however, constrained by the sizeable greenfield capex of Rs. 396.6 crore being undertaken by BPIPL, which exposes the company to execution and stabilisation risks. Further, the consolidated debt indicators are likely to moderate over the medium term, given the largely debt-funded nature of the capex. While the commercial operation date (COD) as per the sanctioned terms is April 2027, the company is targeting an accelerated CoD by June 2026. The Group's ability to commission the project within the budgeted cost and estimated timeline, stabilise the facilities and ramp up production within a short gestation period, post commissioning, would remain the key monitorables.

ICRA notes that BSIPL, SHLPL and BLPL have extended loans and advances to external parties, which are recoverable and are expected to be utilised to meet a part of the equity requirement for the new project. This, along with the Group's demonstrated willingness to infuse funds, provides additional financial flexibility for the planned capex and subsequent operations.

The rating also remains constrained by the Group's exposure to the cyclicity inherent in the steel industry and the susceptibility of its profitability to the volatility in raw material prices and end-product realisations. Further, the Group operates in a fragmented and commoditised steel market characterised by the presence of numerous regional players, exposing it to competitive pressures and limiting the pricing flexibility.

The Stable outlook on the long-term rating reflects ICRA's expectations of a healthy operating performance and the anticipated cost savings from the facilities to be commissioned, which are expected to support steady cash flows relative to the debt servicing obligations, going forward.

Key rating drivers and their description

Credit strengths

Established track record of Balajee Group in steel business – The Balajee Group has an established track record of more than three decades in the steel manufacturing business. Its product portfolio spans billets, rolled products and pipes, supporting a semi-integrated presence across the steel value chain. The Group's long-standing industry presence has enabled it to maintain stable relationships with both customers and suppliers, supporting repeat business and offering some procurement advantages. The scale of operations has also expanded steadily over the past few years, reflected in the increase in operating income to Rs. 1,364.2 crore in FY2025 from Rs. 885.9 crore in FY2021.

Incremental backward integration over the existing semi-integrated setup expected to aid cost structure and improve operating margins – The Group's integration level is expected to improve following the commissioning of BPIPL, with the addition of sponge iron and captive WHRB power to its existing semi-integrated operations. Within the current structure, the billets and semi-finished products from BSIPL, BLPL and SHLPL are largely consumed internally for rolling and downstream processes. As sponge iron is a key input for the induction furnace and rolling units, the upcoming 2,31,000-MTPA DRI plant and 18-MW WHRB power unit under BPIPL are expected to enhance the captive availability of both raw material and power. The captive DRI output will initially meet a part of the Group's requirement, with the contribution expected to increase as the facilities stabilise and ramp up. The surplus WHRB power is proposed to be supplied to SHLPL, supporting captive power consumption. The planned backward integration initiatives are expected to lower the conversion and power costs by reducing the dependence on external sourcing, thereby strengthening the cost structure and supporting an improvement in the Group's operating margins over the medium term.

Strategic location facilitating raw material access, enabling intra-Group supply for captive consumption once BPIPL becomes operational – The Group's units are located in and around Raipur, a prominent steel manufacturing hub, which provides access to key raw material sources, as well as local pellet and coal suppliers. The upcoming BPIPL facility in the Bemetara district benefits from similar locational strengths, enabling efficient inward movement of iron ore, pellets and coal and outward movement of finished products. The close geographical proximity among the Group entities, coupled with a largely regional customer and consumption base within Chhattisgarh, facilitates low lead time for the transfer of billets, sponge iron and rolled products across the units, further strengthening integration and operational efficiency.

Credit challenges

Sizeable backward-integration capex exposes Group to execution and stabilisation risks; may moderate consolidated credit metrics over the medium term - BPIPL is undertaking a sizeable greenfield project at Mudpar and Rampura in the Bemetara district, Chhattisgarh, comprising two 350-TPD DRI kilns (aggregate 2,31,000 MTPA) and an 18-MW WHRB-based captive power plant. The facilities are currently under implementation, with commissioning expected by June 2026. Given the scale and integrated configuration of the project, BPIPL remains exposed to inherent execution-related risks, including a timely completion of construction, and the subsequent ramp-up of the DRI kilns and WHRB units to their designed operating parameters. The effective ramp-up and synchronisation of these new capacities with the Group's existing sponge iron, billet and rolling operations will be a key factor for realising the intended backward integration benefits and achieving cost efficiencies.

Further, the Group's consolidated debt remained modest at ~Rs. 88 crore as on March 31, 2024, and at Rs. 72 crore as on March 31, 2025, for the operating entities. However, the consolidated debt indicators are likely to moderate over the medium term, given the largely debt-funded nature of the capex under BPIPL. The Group's ability to commission the project within the

budgeted cost and estimated timeline, stabilise the facilities and ramp up production within a short gestation period, post commissioning, would remain a key monitorable.

Susceptibility of profitability to volatility in raw material prices; intense competition in highly fragmented and commoditised steel market - The Group operates in a highly fragmented and commoditised steel market, characterised by the presence of numerous regional players and limited product differentiation. This exposes the entities to intense price-based competition and restricts their pricing flexibility. Further, the operating margins remain susceptible to the volatility in the prices of key raw materials such as iron ore and coal, which are influenced by domestic supply dynamics and global trends. Any sharp movement in input costs, without a commensurate change in finished steel prices, can impact the profitability.

Exposed to cyclical inherent in steel industry – The Group’s operations remain exposed to the inherent cyclical nature of the steel industry, which is linked to the broader economic conditions, demand from the end-user sectors and the global commodity cycles. Fluctuations in domestic infrastructure spending, construction activity and international steel trade policies can affect the realisations and offtake. The Group’s revenues and margins may, therefore, exhibit volatility during periods of weak demand or unfavourable price movements.

Liquidity position: Adequate

At a consolidated level, the Group’s liquidity position is adequate, supported by a healthy cash flow from operations and availability of undrawn working capital limits. The average monthly utilisation of the consolidated fund-based limits of Rs. 110 crore stood at 54% between January 2025 and December 2025. The liquidity is further supported by the sanctioned term loan of Rs. 255 crore and the balance committed promoter contribution towards the Rs. 396.6-crore capex under BPIPL, of which around Rs. 229.5 crore has been incurred till January 2026. The Group has scheduled repayments of Rs. 11.5 crore in FY2028 and Rs. 24.2 crore in FY2029 against a term loan for the DRI and WHRB project. The principal repayments on the term loan commence from FY2028, by which time the cash flow from operations from the greenfield project is expected to stabilise further, providing additional comfort.

Rating sensitivities

Positive factors – ICRA may upgrade the rating if the Group is able to demonstrate a sustained improvement in the Group’s consolidated profit margins, leading to healthy debt coverage metrics and a comfortable liquidity position, supported by a timely commissioning of the greenfield project under BPIPL within the envisaged timelines and without major cost overruns.

Negative factors – Pressure on the rating could arise in case of any sharp reduction in the Group’s consolidated revenues and profitability, thereby impacting the credit metrics. The rating could also be downgraded if there is any significant delay in project commissioning or cost overruns, or if the Group fails to achieve a timely ramp-up of operations, post commissioning, resulting in a deterioration of the liquidity position. Any additional large debt-funded capex/investment from the Group, resulting in a weakening of the debt metrics may also trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	While arriving at the ratings, ICRA has taken a consolidated view of the credit profiles of Baalajee Power and Ispat Private Limited (BPIPL), Balajee Structural (India) Private Limited (BSIPL), Balajee Loha Private Limited (BLPL) and Shree Hanuman Loha Private Limited (SHLPL), as there are strong management, operational and financial linkages among the entities, including cash flow fungibility through promoters. The details of the consolidation have been mentioned in Annexure II.

About the company

BPIPL (formerly VAP Ispat Pvt. Ltd.), incorporated on November 4, 2020, is a private limited company of the Balajee Group. The Group has an established operating track record of over three decades in the iron and steel value chain. The company is setting up a sponge iron facility comprising 2x350 TPD DRI kilns and an 18-MW WHRB-based captive power plant at Mudpar and Rampura villages in the Nawagarh tehsil, Bemetara district, Chhattisgarh. The project is a part of the Group's backward integration strategy aimed at enhancing operational efficiency and cost competitiveness. The Board comprises Mr. Aditya Jindal and Mr. Nikhil Jindal, representing the Agrawal family, who have extensive experience in the steel industry, supporting the company's project execution and future operations.

About the Group companies

BSIPL, incorporated in 2000 and a part of the Balajee Group, operates a multi-grade, multi re-rolling mill used to produce structural steel items such as angles, channels, beams, strips, joists, waste & scrap, and MS billets. The Board includes Mr. Vishnu Kumar Agrawal and Mr. Suresh Agrawal, representing the Agrawal family, who bring long-standing industry experience that supports the company's operations.

SHLPL, established in 1985 and also a part of the Balajee Group, is engaged in the production of waste & scrap, mill scale, billets, re-rolled products and slag. The Board includes Mr. Pawan Agrawal Ram and Mr. Amit Jindal, representing the Agrawal family, who possess extensive experience in the production, distribution and marketing of re-rolled steel products.

BLPL, incorporated in 1989 and also a part of the Balajee Group, manufactures MS pipes, waste & scrap, mill scale and re-rolled products and billets. The Board includes Mr. Maman Agrawal Ram and Mr. Ankit Jindal, representing the Agrawal family, who collectively bring significant domain expertise in steel production and marketing, contributing to the company's business operations.

Key financial indicators (audited)

Consolidated – BPIPL, BSIPL, BLPL, SHLPL	FY2024	FY2025
Operating income	1472.6	1364.2
PAT	24.4	9.5
OPBDITA/OI (%)	2.4%	1.5%
PAT/OI (%)	1.7%	0.7%
Total outside liabilities/Tangible net worth (times)	0.7	0.5
Total debt/OPBDITA (times)	2.6	3.8
Interest coverage (times)	4.9	2.4

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: 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

Instruments	Current (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 23, 2026	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	255.00	[ICRA]BBB (Stable)	-	-	-	-	-	-	-	-
Unallocated limits	Long term	-	-	Mar 11, 2026	[ICRA]BBB (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based – Term loan	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term fund based – Term loan	FY2026	NA	FY2035	255.00	[ICRA]BBB (Stable)

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 in BPIPL*	Consolidation approach
Baalajee Power and Ispat Private Limited	-	Full consolidation
Balajee Structural (India) Private Limited	19.74%	Full consolidation
Balajee Loha Private Limited	19.74%	Full consolidation
Shree Hanuman Loha Private Limited	19.74%	Full consolidation

Source: Company; *Shareholding as on March 31, 2025

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