

April 16, 2026

Guardian Castings Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based- Term loans	14.39	10.16	[ICRA]A- (Stable); reaffirmed
Short term/Long term - Fund based/Non-fund based - Working capital limits	68.50	68.50	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
Long term –Interchangeable cash credit	(45.00)	(45.00)	[ICRA]A- (Stable); reaffirmed
Short term –Interchangeable– Working capital demand loan	(68.50)	(68.50)	[ICRA]A2+; reaffirmed
Short term – Interchangeable – Bank guarantee	(26.00)	(30.00)	[ICRA]A2+; reaffirmed
Total	82.89	78.66	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation continues to favourably factor in Guardian Castings Private Limited's (GCPL) healthy credit profile, backed by its prudent capital allocation policy, resulting in a conservative capital structure, evident from its low reliance on external debt. As on November 30, 2025, the company's gearing stood close to nil and the TOL/TNW was at 0.3 times. The operating profits fell to Rs. 20.6 crore in 8M FY2026 and Rs. 30.0 crore in FY2025 from Rs. 49.2 crore in FY2024 because of declining steel realisations and lower steel spreads. Despite a moderation in profits and cash accruals since FY2024, the company's low debt levels are expected to keep the debt protection metrics comfortable in the medium term.

The ratings also factor in the partly integrated nature of GCPL's operations, driven by its captive billet capacities, which support the overall profit margins. Going forward, a ramp-up in production/asset sweating and higher volume offtake is expected to support GCPL's revenues and absolute earnings. The company is enhancing its production capabilities, with the rolling mill capacity being increased from 2,40,000 MTPA to 3,60,000 MTPA from March 2026 onwards. It is also looking to improve the power availability by increasing the sanctioned load from the current 22 MW to 24 MW in the near term. These operational initiatives will remain important from an earnings perspective.

Further, GCPL has consistently demonstrated resilience across business cycles, evident from its ability to report net profits even during periods of industry downturns, such as the FY2016 metal meltdown caused by the surge of low-priced Chinese imports. This track record underscores the company's ability to navigate cyclical volatility and withstand adverse market conditions. ICRA notes that GCPL's credit profile is supported by its strong liquidity position, underpinned by substantial unencumbered cash balances and fixed deposits along with a comfortable buffer in its fund-based working capital limits. Moreover, the company's low term loan repayments strengthen the liquidity position.

However, the ratings are tempered by the highly commoditised and fragmented nature of the secondary steel industry, which results in intense competition and limits the pricing flexibility. The company also remains exposed to the inherent cyclicality in the steel industry, which can cause volatility in profits and cash flows, particularly during phases of demand slowdown or adverse pricing conditions.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that GCPL's credit profile will remain supported by its strong liquidity, conservative capital structure and proven ability to report profits across business cycles.

Key rating drivers and their description

Credit strengths

Favourable credit profile characterised by conservative capital structure – The company's capital structure has remained conservative over the years, backed by prudent capital allocation and minimal reliance on external debt. As on November 30, 2025, the gearing stood close to nil and the TOL/TNW was at 0.3 times. Despite a moderation in profitability in the recent period, the company's modest debt levels are expected to continue supporting comfortable debt protection metrics over the medium term.

Strong liquidity profile mitigates earnings volatility in a cyclical industry - GCPL's liquidity position remains strong, backed by substantial unencumbered cash reserves and fixed deposits. The company also benefits from the adequate headroom in its fund based working capital limits, which enables it to meet the liquidity needs of the underlying business. In the absence of any major capex plans, the company's steady revenue generation and moderate profitability, together with the low term loan repayment obligations and sizeable cash reserves, are expected to help maintain a strong liquidity position, going forward.

Integrated nature of operations with captive billet capacities supports profit margins – The company operates a partially integrated manufacturing set-up comprising an induction furnace and a continuous caster, which enables captive production of billets from sponge iron and scrap. These billets are largely consumed in-house to produce TMT bars, ensuring reliable raw material availability and reducing the dependence on costlier external billet procurement. After the expansion of the rolling mill capacity to 3,60,000 MTPA from March 2026, the company may need to partly source billets externally during peak utilisation levels. However, the existing captive billet capacity of 2,40,000 MTPA continues to offer a structural cost advantage and supports the operating profitability.

Ability to report net profits across business cycle demonstrates company's resilience to withstand adverse industry environment – During FY2014–FY2025, the company demonstrated strong resilience by consistently reporting net profits, even during challenging phases such as the global metal downturn in FY2016 triggered by a surge in Chinese steel imports. In the current scenario of declining steel realisations and subdued steel spreads, GCPL is mitigating the margin pressure through scale expansion, with the TMT production capacity being enhanced to 3,60,000 MTPA from 2,40,000 MTPA effective March 2026. In addition, it is addressing the power-related challenges by increasing its intake capacity to 24 MW in the near term from 22 MW in FY2026, which is expected to support higher production levels, going forward.

Credit challenges

Intensely commoditised nature of business puts pressure on profit margins – GCPL operates in a highly commoditised industry, wherein raw material and power costs account for 80–90% of the revenues. The secondary steel sector is characterised by intense competition due to low product differentiation and minimal entry barriers, which significantly limits the pricing flexibility and constrains margin expansion. That said, ICRA understands that GCPL is able to get a premium over the prevailing market rates for TMT bars, which has been one of the factors behind the company's ability to consistently report net profits across business cycles.

High volatility in earnings due to presence in cyclical steel industry; earnings remain under pressure in the current year due to weaker realisations - The inherently cyclical nature of the steel industry exposes the company to significant volatility in earnings. Despite the healthy volumes, the revenues in FY2026 were largely flat compared to FY2025, primarily due to a decline in realisations. The company remains vulnerable to adverse shifts in the demand-supply dynamics in key end-user sectors such as infrastructure and real estate, and the inherent cyclicity of these segments is expected to expose GCPL to volatility in profits and cash.

Liquidity position: Strong

GCPL's liquidity position remains strong, supported by steady accrual generation, conservative financial policies and sizeable unencumbered cash and liquid investments. As on March 27, 2026, the company had a cash and bank balance of ~Rs. 76 crore, of which Rs. 63.9 crore is free and unencumbered, and a credit balance of ~Rs. 16 crore in the cash credit account, with the average utilisation at ~5% for the 12 months ended February 2026. In the absence of any major capex plans, the company's low term loan repayment obligations and sizeable cash reserves are expected to help maintain a strong liquidity position, going forward.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a significant growth in its revenues and profitability on a sustained basis, while maintaining a healthy financial profile and liquidity position.

Negative factors – Pressure on the ratings could arise if a significant decline in the company's earnings adversely impacts its liquidity and debt coverage metrics. Any large debt-funded capex/investment, which adversely impacts the company's financial risk profile, could also trigger a downgrade. A specific credit metric for downgrade would be the total debt-to-operating profit remaining above 2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of GCPL

About the company

GCPL, incorporated in 2004, is a promoter-owned entity, manufacturing billets and thermo mechanically treated (TMT) bars. At present, GCPL has a billet manufacturing unit with installed capacities of 2,40,000 tonnes per annum (TPA) and a rolling mill unit with installed capacities of 3,60,000 tonnes per annum (TPA). The billets manufactured are mainly consumed in-house for producing TMT bars. The company's manufacturing facility is at Wada, Maharashtra.

Key financial indicators (audited)

GCPL	FY2024	FY2025	8M FY2026*
Operating income	995.5	985.9	539.7
PAT	40.3	27.8	16.9
OPBDIT/OI	4.9%	3.0%	3.8%
PAT/OI	4.0%	2.8%	3.1%
Total outside liabilities/Tangible net worth (times)	0.3	0.3	0.2
Total debt/OPBDIT (times)	0.2	0.5	0.3
Interest coverage (times)	48.7	27.0	12.3

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; * Provisional Numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current (FY2027)			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Apr 16, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based term loan	Long term	10.16	[ICRA]A-(Stable)	-	-	Feb 04, 2025	[ICRA]A-(Stable)	Dec-26-23	[ICRA]A-(Stable)
Fund based limits	Long term	-	-	-	-	-	-	Dec-26-23	[ICRA]A-(Stable)
Fund based-Interchangeable limits	Long term	-	-	-	-	-	-	Dec-26-23	-
Non-fund based limits	Short term	-	-	-	-	-	-	Dec-26-23	[ICRA]A2+
Non-fund based - Interchangeable limits	Short term	-	-	-	-	-	-	Dec-26-23	[ICRA]A2+
Fund based/Non-fund based - Working capital limits	Short term/Long term	68.50	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Feb 04, 2025	[ICRA]A-(Stable)/[ICRA]A2+	-	-
Interchangeable – Fund based – Cash credit	Long term	(45.00)	[ICRA]A-(Stable)	-	-	Feb 04, 2025	[ICRA]A-(Stable)	-	-
Interchangeable fund based – Working capital demand loan	Short term	(68.50)	[ICRA]A2+	-	-	Feb 04, 2025	[ICRA]A2+	-	-
Interchangeable - Non-fund based – Bank guarantee	Short term	(30.00)	[ICRA]A2+	-	-	Feb 04, 2025	[ICRA]A2+	-	-

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

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) 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 fall under regulatory purview of various Financial Sector Regulators (FSR) 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- Term loans	Simple
Short term/Long term - Fund based/Non-fund based - Working capital limits	Simple
Long term –Interchangeable cash credit	Simple
Short term –Interchangeable– Working capital demand loan	Simple
Short term – Interchangeable – Bank guarantee	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	Term loans	FY2024	NA	FY2029	10.16	[ICRA]A- (Stable)
NA	Fund based/Non-fund based - Working capital limits	-	-	-	68.50	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Interchangeable – Cash credit	-	-	-	(45.00)	[ICRA]A- (Stable)
NA	Interchangeable – Working capital demand loan	-	-	-	(68.50)	[ICRA]A2+
NA	Interchangeable – Bank guarantee	-	-	-	(30.00)	[ICRA]A2+

Source: Company

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

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

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