Press Release

Nilkanth Concast Private Limited

June 16, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	109.01* (Enhanced from 99.92)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB/Positive (IVR Triple B with Positive Outlook)	Outlook revised from Positive to Stable	Simple
Short Term Facilities	19.29 (Enhanced from 7.29)	IVR A3+ (IVR Single A Three Plus)	IVR A3+ (IVR Single A Three Plus)	Reaffirmed	Simple
Total	**Rs. 128.30 Cr (Rupees One Hundred and Twenty-Eight Crore and Thirty Lakh only)**				

**The Working Capital Demand Loan rated in the previous year amounting to Rs. 14.59 crore has been withdrawn based on No Dues confirmation from Tata Motors Finance Limited. The company request for withdrawal is in place and the withdrawal is in line with Infomerics policy on withdrawal.*

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The revision of outlook from positive to stable is on account of lower-than-expected achievement of financial performance in FY25, the reaffirmation of the ratings for the bank facilities of Nilkanth Concast Private Limited (NCPL) continues to derive strength extensive experience of the promoter and management team, improving revenue & EBITDA margin, comfortable capital structure and debt protection metrics, and the semi-integrated nature of operations. The company also benefits from an established distribution network and long-standing relationships with dealers and distributors.

However, the ratings remain constrained by the company's exposure to raw material and finished goods price volatility, inherent cyclicality of the steel industry, and the highly competitive nature of the sector, which limits pricing flexibility.

The 'Stable' outlook reflects the expectation that the company will continue to benefit from its semi-integrated operations, efficient capacity utilization, and established market position, thereby supporting consistent revenue growth and financial stability over the medium term.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of business and improvement in profitability metrics and thereby leading to overall improvement in cash accruals on a sustained basis.

Downward Factors

- Any decline in revenue and/or profitability impacting the debt protection metrics or liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoter & management team

NCPL is supervised by its Managing Director, Mr. Chandrasekhar Ayachi, who brings over 40 years of extensive experience in the steel industry. Under his leadership, the company's day-to-day operations are handled with deep industry insight and strategic focus. The core management team, each with over a decade of experience, brings a wealth of knowledge and industry expertise. Their collective leadership has played a pivotal role in the company's growth and development. Over the years, the management has built a robust network of suppliers and customers, positioning NCPL as a trusted player in the steel sector.

Improving revenue and EBITDA margin

Nilkanth Concast Private Limited reported a Total Operating Income (TOI) of Rs. 565.32 crore in FY24, which improved to Rs. 586.91 crore in FY25 (Provisional) (refers to period April 1st, 2024, to March 31st, 2025). This growth was largely driven by consistently high-capacity utilization across its core production segments—Sponge Iron, MS Billets, and TMT Bars. In FY25 (Provisional), the company also posted a notable improvement in profitability. EBITDA margin rose to 5.64% in FY25, up from 4.68% in FY24 (refers to period April 1st, 2023, to March 31st, 2024) marking a robust growth of over 25%. The improved performance was supported by higher capacity utilization, a better product mix, and the cost-efficiency benefits of a semi-integrated manufacturing setup, which helped mitigate the impact of input price volatility. As a result, EBITDA margins expanded to 5.64% in FY25, up from 4.68% in FY24, reflecting stronger operational leverage. Profit After Tax (PAT) also increased to Rs. 6.89 crore in FY25 (Provisional), compared to Rs. 5.79 crore in FY24.

Comfortable debt protection metrics and capital structure

Infomerics has treated unsecured loans from the promoter/director amounting to Rs. 57.79 crore (as on March 31, 2025 – Provisional) as quasi-equity, given their subordination to bank facilities. This classification has supported the company's tangible net worth and overall financial flexibility. NCPL's capital structure and debt protection metrics remained comfortable and showed improvement during FY24–FY25. Total debt increased to Rs. 126.29 crore in FY25 (Provisional) from Rs. 111.18 crore in FY24. However, this was accompanied by an improvement in gross cash accruals, which rose to Rs. 16.88 crore in FY25 (Provisional) from Rs. 13.57 crore in FY24, indicating stronger internal cash generation. The interest coverage ratio remained stable at 2.37x in FY25 (Provisional), compared to 2.46x in FY24, reflecting adequate capacity to meet interest obligations. Additionally, the Total Debt to EBITDA ratio improved to 3.82x in FY25 (Provisional) from 4.20x in FY24, aided by better earnings performance. On the capital structure front, the company's overall gearing ratio moderated slightly to 0.97x in FY25 (Provisional) from 0.90x in FY24. This was supported by an improvement in the adjusted tangible net worth, which rose to Rs. 130.16 crore in FY25 (Provisional).

Semi-integrated nature of operation of the company

NCPL operates with a semi-integrated manufacturing setup, encompassing the production of both intermediate products—such as sponge iron and billets—and finished products like TMT bars. The in-house production of sponge iron and billets, which are key raw materials for TMT bars, has contributed to consistent and stable operating efficiency by ensuring better control over the supply chain and input costs.

Established distribution network; long relationship with dealers/ distributors

The company has built a well-established dealer and distributor network, comprising over 400 direct and indirect partners across Gujarat and the adjoining regions of Maharashtra and Rajasthan. Many of these relationships span over a decade, contributing to strong business continuity and trust. As a result of these long-standing associations, the “Nilkanth TMT” brand enjoys solid visibility and recognition in the regional market.

Key Rating Weaknesses

Susceptibility of operating margin to volatility in raw material prices and finished goods

The company’s degree of backward integration plays a critical role in its ability to navigate the cyclical downturns commonly observed in the steel industry. Key raw materials for billet production—such as coal, heavy melting scrap (HMS), and iron ore pellets—account for a significant portion of the overall production cost. Billets, in turn, are the primary input for manufacturing TMT bars. Given the inherent volatility in the prices of both raw materials and finished steel products, which are influenced by global demand-supply dynamics and broader macroeconomic factors, integrated operations provide a strategic advantage in maintaining cost stability and operational continuity.

Cyclicality in the steel industry

The domestic steel industry is inherently cyclical, which can impact the cash flows of players like NCPL. Historically, the sector has experienced extended downturns, often driven by excess capacity and declining prices. Additionally, NCPL’s operations remain susceptible to adverse changes in global demand-supply dynamics, making the business environment more volatile and challenging during unfavorable market conditions.

Highly competitive nature of industry

The company remains exposed to various external risks, including fluctuations in global steel industry performance, changes in domestic regulations and duties, and potential impacts from international trade tensions. The steel manufacturing sector is marked by intense competition across the value chain, largely due to low product differentiation, which restricts pricing flexibility for most players. Despite these challenges, NCPL has successfully established a strong market presence, driven by the consistent quality of its products.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies.
Financial Ratios & Interpretation (Non-Financial Sector).
Criteria for assigning Rating outlook.
Policy on Default Recognition
Complexity Level of Rated Instruments/Facilities
Policy on Withdrawal of Ratings.

Liquidity – Adequate

The company's liquidity is expected to remain adequate, however the company's term loan repayment is front loaded in the initial years leading to marginal cushion in the upcoming repayment obligation vis a vis cash generation. The average utilization of working capital limits remained high at 89.70% during the 12 months ended April 2025, reflecting active fund usage. The current ratio stood at a moderate 1.71x as on March 31, 2025 (Provisional), indicating a reasonable buffer for meeting short-term liabilities. Additionally, the company maintained an operating cycle of 92 days in FY25 (Provisional), supporting its overall adequate liquidity profile.

About the company

Established in 2003, Nilkanth Concast Private Limited (NCPL) is a Kutch, Gujarat–based company engaged in the manufacturing of TMT bars, marketed under the brand name "Nilkanth TMT." The company has a presence across key states including Gujarat, Haryana, West Bengal, and Rajasthan. NCPL operates a backward-integrated manufacturing facility, enabling in-house production of critical raw materials such as Sponge Iron and MS Billets. The plant has an installed capacity of 1,44,000 MTPA for Sponge Iron and 1,50,000 MTPA for MS

Billets—both essential inputs for TMT bar production. The company also has a dedicated installed capacity of 1,50,000 MTPA for manufacturing TMT Bars.

Financials (Standalone)

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	565.32	586.91
EBITDA	26.46	33.10
PAT	5.79	6.89
Total Debt	111.18	126.29
Tangible Net Worth	123.27	130.16
EBITDA Margin (%)	4.68	5.64
PAT Margin (%)	1.02	1.17
Overall Gearing Ratio (x)	0.90	0.97
Interest Coverage (x)	2.46	2.37

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23
					-	Date (March 21, 2024)	Date (Nov 28, 2023)	Date (Oct 03, 2022
1.	Fund Based Facility – Term Loan	Long Term	54.01	IVR BBB/ Stable	-	IVR BBB/ Positive	IVR BB+/ Negative, INC*/	IVR BBB/ Stable
2.	Fund Based Facility – Cash Credit	Long Term	55.00	IVR BBB/ Stable	-	IVR BBB/ Positive	IVR BB+/ Negative, INC*	IVR BBB/ Stable
3.	Fund Based Facility – Working Capital Limit	Long Term	0.00	Withdrawn	-	IVR BBB/ Positive	IVR BB+/ Negative, INC*	IVR BBB/ Stable

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years			
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					-	Date (March 21, 2024)	Date (Nov 28, 2023)	Date (Oct 03, 2022
4.	Fund Based Facility - GECL	Long Term	-	-	-	Withdrawn	IVR BB+/ Negative, INC*	IVR BBB/ Stable
5.	Fund Based Facility – CC (Proposed)	Long Term	-	-	-	Withdrawn	IVR BB+/ Negative, INC*	IVR BBB/ Stable
6.	Non-Fund Based Facility – BG	Short Term	7.29	IVR A3+	-	IVR A3+	IVR A4+/ INC*	IVR A3+
7.	Non-Fund Based Facility – LC (Proposed)	Short Term	12.00	IVR A3+	-	-	-	-

Analytical Contacts:

Name: Amit Bhuwania Tel: (022) 62396023 Email: abhuwania@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	April 2029	21.41	IVR BBB/ Stable
Term Loan	-	-	-	January 2026	1.14	IVR BBB/ Stable
Term Loan	-	-	-	June 2028	15.18	IVR BBB/ Stable
Term Loan	-	-	-	April 2031	16.28	IVR BBB/ Stable
Cash Credit	-	-	-	Revolving	43.00	IVR BBB/ Stable
Cash Credit (Proposed)	-	-	-	-	12.00	IVR BBB/ Stable

Bank Guarantee	-	-	-	Revolving	7.29	IVR A3+
Letter of Credit (Proposed)	-	-	-	-	12.00	IVR A3+

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/Len-Nilkanth-Concast-16june25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.