



Press Release

Bhagyalaxmi Rolling Mill Private Limited

May 22, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	610.00 [^] (reduced from 686.75) (including proposed limit of 11.86)	IVR A-/ Stable (IVR Single A Minus with Stable Outlook)	IVR A-/ Stable (IVR Single A Minus with Stable Outlook)	Rating reaffirmed	Simple
Long Term/ Short Term Bank Facilities	100.00 [^] (reduced from 110.00)	IVR A-/ Stable/ IVR A2+ (IVR Single A Minus with Stable Outlook and IVR A Two Plus)	IVR A-/ Stable/ IVR A2+ (IVR Single A Minus with Stable Outlook and IVR A Two Plus)	Rating reaffirmed	Simple
Total	710.00 (Rs. Seven hundred ten crore only)				

[^]term loan of Rs. 12.40 crore and Letter of Credit of Rs. 30.00 crore from HDFC Bank has been withdrawn based on No Due Certificate from HDFC Bank and at the request of the company and is in line with Infomerics policy on withdrawal.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 reaffirmation of the ratings assigned to the bank facilities of Bhagyalaxmi Rolling Mill Private Limited (BRMPL) continues to derive comfort from its experienced promoters and competent management team, locational advantage associated with the Company's operation, benefits arising from backward integration, growth in scale and profits during FY25 (refers to period April 1st, 2024, to March 31st, 2025), satisfactory financial risk profile and efficient working capital management. These rating strengths are partially offset by susceptibility of profitability to volatility in raw material prices and finished goods, intense competition coupled with cyclicalities in the steel industry.

The outlook assigned on the long-term rating is Stable on the back of satisfactory demand outlook of the respective industry coupled with improving financial risk profile.



Press Release

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals and debt protection metrics on a sustained basis.
- Improvement in capital structure

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators on a sustained basis and subdued industry scenario.
- Withdrawal of subordinated unsecured loan and/or moderation in overall gearing to more than 2 times.
- Deterioration in working capital management impacting the liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and competent management team**

Bhagyalaxmi Rolling Mill Private Limited (BRMPL) was founded by Mr. Vishal K Agarwal, Mr. Nitin Kabra, and Mr. Shivshankar Khichade in 2004 and each of them on an average have 15-20 years of experience in the steel industry. The promoters are ably assisted by the COO, Mr. Praveen Goyal, who has been associated with the Company since its inception. The key departments of Sales, Purchase, and Finance are also ably handled by competent professionals who have been with the Company for many years. The experience of the promoters and the competency of the management team have helped the Company to navigate its path through various ups and downs.

- **Locational advantage associated with the Company's operation**

The location of Jalna is such that the next nearest manufacturing hub of TMT from it is 400 kms to 600 kms away. Hence, Jalna covers Maharashtra and adjoining area of Gujrat, Madhya Pradesh, and Telangana. Currently, due to heavy infrastructure activity taking place in Maharashtra, majority of the TMT bars are sold in that state. Further, the recently inaugurated Mumbai Nagpur Samruddhi Mahamarg connects more than 11 districts of Maharashtra and it



Press Release

is just 11km away from BRMPL's plant, thus aiding BRMPL's connectivity with various distributors spread across Maharashtra immensely.

- **Benefits arising from backward integration**

In recent past the company has completed a project of backward integration by expanding the billet manufacturing unit within the existing premises coupled with increase in TMT bar production capacity. The project has completed as per the schedule and without cost and time overrun and total installed capacity of TMT increased to 5,86,000 MTPA and Billets also at 5,86,000 MTPA. After commencement of production, the company uses Hot Charging process during billet manufacturing and transfers the same hot metal to rolling mill for TMT bar manufacturing without losing hit which saves Rs.2200-2500/ton production cost from reducing multiple hot charging, leading to increase in EBITDA margin of around 0.50%-0.75% as estimated. Now the company can produce TMT bar from hot charging billets which saves power, coal and labour costs.

- **Growth in scale and profits during FY25**

Turnover has increased significantly in FY25 (prov.) by around ~12% and ended at ~Rs.1744 crore on the back of increase in volume sales with higher average realisation coupled with introduction of Zinc sales. Further, EBITDA level and margin has improved with the increase in scale and the same was at ~Rs.190crore and at ~11% respectively at the end of FY25. However, PAT margin has declined to 2.54% in FY25 from 4.35% in FY24 (refers to period April 1st, 2023, to March 31st, 2024) with the increase in capital charges. Although cash profit has increase where GCA has increased to ~Rs.119 crore in FY25 from ~Rs.102 crore in FY24.

- **Satisfactory financial risk profile**

Although there is a moderation observed in few financial parameters of the company with the completion of highly debt funded project during last financial year, financial risk profile remained satisfactory as on March 31, 2025. Considering subordinated unsecured loan of Rs.55.78 crore as quasi equity, overall gearing has slightly deteriorated to 1.30x as on March 31, 2025 from 1.08x as on March 31, 2024, on account of avilment of secured and unsecured long term loan for completion of capex coupled with higher utilisation of bank borrowing to fund the escalated scale of operation. Further with the higher increase in interest expense, interest coverage ratio moderated to 3.42x in FY25, although the same remained satisfactory. Total indebtedness of the company marked by TOL/TNW was satisfactory at 1.69x as on March 31, 2025. DSCR was also adequate at 1.61x at the end of FY25. Liquidity marked by current ratio has improved and remained adequate to 1.26x as on March 31, 2025.



Press Release

- **Efficient working capital management**

Being working capital intensive nature of operation, efficient management of the same is one of the key rating drivers. The company is required to maintain adequate inventory of raw material for smooth production process as well as maintain inventory of finished goods to meet demand of its customers which resulted in average inventory period of 37 days for FY25. Furthermore, with the continuous monitoring on debtors, collection period remained comfortable over the years and the same was at 31 days in FY24. Operating cycle was also satisfactory at 62 days in FY25. The average working capital utilization remained moderate at around 66% over the past 12 months ended March 2025.

Key Rating Weaknesses

- **Susceptibility of profitability to volatility in raw material prices and finished goods**

The degree of backward integration defines the ability of the company to withstand cyclical downturns generally witnessed in the steel industry. After initiation of billet unit, the company is partially backward integrated and major raw materials required for the company are sponge iron and power. Raw-material and power cost accounted around 90% of total cost of sales in the last three fiscals. The company lacks captive power and backward integration for its basic raw-materials and has to procure the same from the open market. BRMPL procured raw materials mainly from local manufactures. Since the raw material and power is the major cost driver and the prices of which are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material prices and power tariffs. Further, finished steel prices are also highly volatile and prone to fluctuations based on global demand supply situations and other macro-economic factors.

- **Intense competition coupled with cyclicity in the steel industry**

The BRMPL mainly operates in Maharashtra and nearby 11 states, which is a hub of steel plants and comprise many steel players with limited product differentiation in the downstream steel segment. Intense competition restricts the pricing flexibility of the companies. The domestic steel industry is cyclical in nature and is likely to impact the cash flows of the steel players, including BRMPL. The steel industry is cyclical in nature and witnessed prolonged periods where it faced a downturn due to excess capacity leading to a downtrend in the prices.



Press Release

Further, the company's operations are vulnerable to any adverse change in the demand-supply dynamics in the real estate sector.

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

BRMPL has earned a gross cash accrual of ~Rs.119 crore in FY25 provisional and ~Rs.102 crore in FY24. Further the company is expected to earn a gross cash accrual in the range of ~ Rs. 146-186 crore as against its debt repayment obligations in the range of ~ Rs. 46 to 60 crore during FY26-28. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. Further, the average cash credit utilisation of the company remained moderate at ~66% during the past 12 months ended March 2025 indicating a sufficient liquidity cushion .

About the Company

Bhagyalaxmi Group was established in the year 2004. The Group is promoted by the renowned Goyal and Agrawal families of Jalna. The promoters have profound experience in the field of Steel and Cement. In the year 2005, the Group established its first unit of MS Billet Manufacturing Plant at Jalna MIDC with a 25 MT furnace having an installed capacity of 50000 MTPA. This unit was established as a Private Limited Company named as M/s Bhagyalaxmi Steel Alloy Private Limited (BSAPL) at Jalna. In the year 2008, Bhagyalaxmi Group decided to move ahead with forward integration and established its second manufacturing unit for manufacturing of MS TMT Bars. This unit had an installed capacity of 120000 MTPA and is located adjacent to the main MS Billet manufacturing plant. This unit got established by the name of M/s Bhagyalaxmi Rolling Mill Private Limited (BRMPL). Subsequently, as per NCLT



Press Release

order in December 2023, BSAPL has been amalgamated in BRMPL effective from April 01, 2023. Another expansion of the melting capacity of the plant was done by installing a new 30 MT induction furnace in FY12 along with an establishment of Raw Material Yard (NSY-1) in a separate area. To meet the growing demand of TMT Bars, a new rolling capacity was added by adopting HOT Rolling Mill Technology in FY16. Investment of more than INR200 crore was done towards this project. The Hot Rolling Mill Expansion Project increased the production capacity of TMT Bars from 1,20,000 MTPA to 3,45,000 MTPA. With a firm belief on the India Growth Story and the associated demand of steel in the years to come, the Management decided to take up further expansion of the melting and rolling capacities along with expansion of the raw material processing facility. These expansions cover two numbers of 50 MT furnaces, Third Rolling Line with Hot Rolling Facility, Raw Material Yard for processing raw material, a Zinc waste Recovery Unit from dust generated from melting. Post expansion, the capacity of the TMT Bars manufacturing unit has enhanced to around 586000 MT per year and the same has commenced partially from Q4FY24 and fully completed in Q2FY25 The whole set- up is installed in the same area of current operations.

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	1562.05	1743.95
EBITDA	147.00	190.44
PAT	68.09	44.42
Total Debt	409.35	550.79
Adjusted Tangible Net Worth	379.76	424.19
EBITDA Margin (%)	9.41	10.92
PAT Margin (%)	4.35	2.54
Adjusted Overall Gearing Ratio (x)	1.08	1.30
Interest Coverage (x)	5.30	3.42

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



Press Release

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 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 (Mar 12, 2024)	Date(s) & Rating(s) assigned in 2022-23 (Mar 21, 2023)
1.	Term Loans	Long Term	368.14	IVR A-/ Stable	-	IVR A-/ Stable	IVR A-/ Stable
2.	Cash Credit Limits	Long Term	230.00	IVR A-/ Stable	-	IVR A-/ Stable	IVR A-/ Stable
3.	Proposed Cash Credit	Long Term	11.86	IVR A-/ Stable	-	IVR A-/ Stable	IVR A-/ Stable
4.	Proposed Term Loans	Long Term	-	-	-	-	IVR A-/ Stable
5.	Letter of Credit	Long Term/ Short Term	-	Withdrawn	-	IVR A-/ Stable/ IVR A2+	IVR A-/ Stable/ IVR A2+
6.	Bank Guarantees	Long Term/ Short Term	100.00	IVR A-/ Stable/ IVR A2+	-	IVR A-/ Stable/ IVR A2+	IVR A-/ Stable/ IVR A2+
7.	Proposed Bank Guarantees	Long Term/ Short Term	-	-	-	-	IVR A-/ Stable/ IVR A2+

Analytical Contacts:

Name: Sanmoy Lahiri
Tel: (033) 4803 3621
Email: s.lahiri@infomerics.com

Name: Sandeep Khaitan
Tel: (033) 4803 3621
Email: sandeep.khaitan@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.



Press Release

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.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

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 1	-	-	-	Sep. 2027	7.90	IVR A-/ Stable
Term Loan 2	-	-	-	Nov. 2031	69.00	IVR A-/ Stable
Term Loan 3	-	-	-	Nov. 2031	23.94	IVR A-/ Stable
Term Loan 4	-	-	-	Jul. 2027	13.28	IVR A-/ Stable
Term Loan 5	-	-	-	Jun. 2027	9.23	IVR A-/ Stable
Term Loan 6	-	-	-	Dec. 2031	27.60	IVR A-/ Stable
Term Loan 7	-	-	-	Jul. 2027	7.23	IVR A-/ Stable
Term Loan 8	-	-	-	Jul. 2027	16.68	IVR A-/ Stable
Term Loan 9	-	-	-	Feb. 2032	95.66	IVR A-/ Stable
Term Loan 10	-	-	-	Aug. 2031	56.55	IVR A-/ Stable
Term Loan 11	-	-	-	Sep. 2032	10.34	IVR A-/ Stable
Term Loan 12	-	-	-	Sep. 2032	27.16	IVR A-/ Stable
Term Loan 13	-	-	-	Jun. 2031	3.57	IVR A-/ Stable
Term Loan 14	-	-	-	-	-	Withdrawn
Cash Credit 1	-	-	-	-	65.00	IVR A-/ Stable
Cash Credit 2	-	-	-	-	40.00	IVR A-/ Stable
Cash Credit 3	-	-	-	-	40.00	IVR A-/ Stable
Cash Credit 4	-	-	-	-	33.00	IVR A-/ Stable
Cash Credit 5	-	-	-	-	30.00	IVR A-/ Stable
Cash Credit 6	-	-	-	-	22.00	IVR A-/ Stable
Proposed Cash Credit	-	-	-	-	11.86	IVR A-/ Stable
Letter of Credit	-	-	-	-	-	Withdrawn
Bank Guarantee 1	-	-	-	-	35.50	IVR A-/ Stable/ IVR A2+
Bank Guarantee 2	-	-	-	-	41.00	IVR A-/ Stable/ IVR A2+
Bank Guarantee 3	-	-	-	-	11.50	IVR A-/ Stable/ IVR A2+



Press Release

Bank Guarantee 4	-	-	-	-	12.00	IVR A-/ Stable/ IVR A2+
------------------	---	---	---	---	-------	-------------------------

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-bhagyalaxmi-may25.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.

