

Steel Exchange India Limited

September 24, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 359.63 crore (Enhanced from Rs. 250.00 crore)	Regulator[^]
Long Term Rating	IVR BBB+/Stable (Rating Upgraded)	RBI
Short Term Rating	IVR A2 (Rating Upgraded)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator[^]
Non-Convertible Debentures	198.56	IVR BBB+/Stable	Rating Upgraded	SEBI
Total	Rs. 198.56 crore (Rupees one hundred ninety-eight crore and fifty-six lakhs only)			

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Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has upgraded the ratings to the bank facilities and non-convertible debentures of Steel Exchange India Limited (SEIL), driven by improvement in financial risk profile and liquidity profile of the company led by equity infusion of ~Rs. 141 crore and repayment of substantial debt in Q1FY27. Further refinancing of high-cost debt in Q4FY26 along with debt repayment in Q1FY27 has led to significant reduction in interest cost as reflected in Q1FY2027 performance.

The rating derives strength from improved profitability supported by lower interest cost, experienced promoters with long track record of operations, and integrated steel plant leading to cost efficiencies. The rating strengths are however, constrained by profitability susceptible to volatility in raw material prices, working capital intensive nature of operations and cyclical nature of industry.

Outlook: Stable

The outlook is stable, considering the operational efficiencies supporting improved profitability and cash generation, which are expected to aid further deleveraging and strengthen the overall financial risk profile.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- Improvement in the overall financial risk profile**

The overall financial risk profile of the company improved in FY26, with the DSCR improving to 1.46 times as on March 31, 2026, from 1.18 times as on March 31, 2025, driven by improvement in profitability of the company. The interest coverage ratio also improved to 1.89 times in FY26 from 1.67 times in FY25, supported by the reduction in high-cost debt through refinancing in Q4FY26.

The tangible net worth increased to Rs. 551.18 crore as on March 31, 2026, from Rs. 480.54 crore as on March 31, 2025, primarily on account of accretion of profits. Further, in April 2026 the company made preferential issue of convertible warrants worth Rs. 341.58 crore from which the company has received Rs. 140.89 crore in Q1FY27.

The company's capital structure stood stable, with the overall gearing ratio at 0.79 times as on March 31, 2026, against 0.78 times as on March 31, 2025. Further, the TOL/TNW improved to 1.10 times as on March 31, 2026, from 1.20 times as on March 31, 2025, owing to the increase in net worth coupled with a reduction in trade creditors on a year-on-year basis.

- Improved profitability supported by lower interest cost**

In FY26, the company successfully refinanced its NCD bearing coupon rate of 18.75% were restructured with revised terms, including a reduction in the coupon rate to 14.06%, resulting in a significant reduction in borrowing costs. The outstanding 18.75% Listed, Rated, Redeemable, Secured Non-Convertible Debentures (NCDs), previously issued to Neo Special Credit Opportunities Fund and True North Credit Opportunities Fund-I and subsequently taken over by Kotak Credit Opportunities Fund.

Consequently, interest and finance charges declined to Rs. 69.46 crore in FY26 from Rs. 74.54 crore in FY25. However, PAT improved marginally to Rs. 26.99 crore in FY26 from Rs. 25.94 crore, primarily due to higher depreciation following capex completed in FY25 and FY26. Gross cash accruals stood at Rs. 68.56 crore in FY26 increasing from Rs. 52.74 crore in FY25.

In Q1FY27, finance costs reduced to Rs. 13.98 crore from Rs. 18.89 crore in Q1FY26. This led to an increase of ~47% increase in PAT to 15.03 crore in Q1FY27 from Rs. 10.23 crore in Q1FY26. The sustained reduction in finance costs, coupled with improvement in profitability and cash accruals, is expected to support the company's overall debt-servicing capability.

- **Experienced promoters with long track record of operations**

Steel Exchange India Limited (SEIL), the flagship company of the Vizag Profiles Group, is promoted by Mr. Bandi Satish Kumar (Chairman & Managing Director) and Mr. Bandi Suresh Kumar (Joint Managing Director), both of whom possess over three decades of experience in the steel industry. They are supported by Mr. Mohit Sai Kumar and an experienced management team overseeing the company's key functional areas. Further, the induction of Mr. Anirudh Misra, founder of the Switzerland-headquartered IMR Group, on the Board, along with the strategic investment by IMR Group, is expected to strengthen the company's governance, raw material sourcing capabilities and long-term growth prospects.

- **Integrated steel plant leading to cost efficiencies**

The company operates an integrated steel manufacturing facility at Maliveedu, Vizianagaram, Andhra Pradesh, with operations spanning sponge iron, billets and TMT bars, providing greater control over the manufacturing process and supporting operating efficiencies. The integrated operations are further supported by captive power generation, which utilises waste heat generated from DRI kilns, thereby reducing power costs. The company also has dedicated captive railway siding within the plant premises facilitates efficient inward logistics of raw materials. The capacity enhancement project completed in March 2025 enabled in-house production of 8 mm and 10 mm TMT bars, reducing dependence on external conversion and improving operational efficiencies.

Further, In August 2026, the company successfully commissioned a Reheating Furnace (RHF) with a capacity of 25 TPH / 500 TPD. The RHF heats cold billets from ~30°C to ~1,100°C and is expected to enhance TMT bar production capacity by ~500 TPD, equivalent to ~15,000 MT per month, thereby supporting higher utilisation of the rolling mill. The commissioning has already translated into improved production, with the company achieving its highest-ever monthly Re-Bar production of 24,823.509 MT in August 2026 since commencement of operations.

Weaknesses

- **Profitability susceptible to volatility in raw material prices**

Commodities are essential inputs to the manufacturing of steel. These commodities have global supply chains, and their prices are significantly impacted by various factors such as the geopolitical landscape, supply-demand imbalance, weather patterns, policy interventions by governments in key sourcing/consuming countries (especially China), and the increasing financialization of commodities markets. The changing prices of coal and iron are generally reflected through adjustments in steel prices, which help manage long-term price trends.

- **Working capital intensive nature of operations**

The company's operations remain working capital-intensive owing to the nature of the steel manufacturing industry. The operating cycle, which remained in the range of 70–120 days during the last three years, increased to 161 days in FY26 from 119 days in FY25, primarily on account of higher inventory levels resulting from increased stocking of raw materials and finished goods to support manufacturing operations and ensure uninterrupted production. The elongated operating cycle has resulted in higher working capital requirements and increased dependence on bank borrowings for funding working capital. Nevertheless, the above risk is mitigated to an extent by the company's established relationships with its customers and suppliers.

- **Cyclical Nature of the industry**

The steel industry is inherently cyclical and remains susceptible to fluctuations in domestic and global economic conditions. Demand for steel is closely linked to end-user industries such as infrastructure, construction, automotive and engineering, making it vulnerable to economic slowdowns. Further, the industry is exposed to volatility in steel prices and key raw material prices, including iron ore, coking coal and scrap, which may impact profitability and cash flows. The company's operating performance, therefore, remains susceptible to adverse movements in demand-supply dynamics and input costs.

Liquidity –Adequate

The liquidity position of the company remains adequate, supported by improvement in gross cash accruals to Rs. 68.56 crore in FY26 from Rs. 52.74 crore in FY25. However, cash flow from operations stood negative during the year owing to higher working capital requirements, primarily on account of increased inventory levels. The average utilisation of the cash credit limits stood ~75% during the 12 months ended June 2026, leaving adequate cushion to meet incremental working capital requirements.

The liquidity profile is further supported by the preferential issue of convertible warrants amounting to Rs. 341.58 crore in April 2026. Till Q1FY27, the company had received Rs. 140.89 crore from warrant holders, which was primarily utilised towards working capital requirements, repayment/servicing of debt obligations, and general corporate purposes.

Going forward, the liquidity position is expected to remain supported by further receipt of proceeds from the preferential issue of convertible warrants and internal cash accruals.

Rating Sensitivities

Upward Factors

- Substantial growth in operating income and profitability leading to improvement in liquidity position of the company.
- Improvement in operating cycle of the company to below 120 days on sustained basis.

Downward Factors

- Any significant decline in operating income and profitability, resulting in deterioration in the company's financial risk profile, with TOL/TNW increasing above 1 time on a sustained basis.
- Any large debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the company.

About the company

Steel Exchange India Limited (hereafter referred to as 'SEIL' or 'the company') is the flagship company of the Vizag Profiles Group. Established in 1999, SEIL is a manufacturer of Thermo-mechanically treated (TMT) Bars under the brand 'SIMHADRI TMT' with products such as Simhadri TMT Fe500D, Fe550D and Fe500D CRS with sizes ranging from 8mm to 32mm, Bi. The company is primarily engaged in the manufacturing of TMT Bars, Billets and Sponge Iron at its Integrated Steel Plant located close to Visakhapatnam, Andhra Pradesh.

The Integrated Steel plant spread across more than 400 acres of land has a total capacity of 2.25 Lakh MTPA for TMT bar equipped with fully automated continuous rolling mill, Induction Furnaces, DRI Rotary Kilns and a captive thermal power plant with 60 MW capacity. The billet capacity is enhanced to 3.62 Lakh MT from 2.50 Lakh MT in FY24-25. The TMT bar capacity is enhanced to 3.57 Lakh MTPA from 2.25 lakh MTPA in FY24-25. Further, in August 2026, the company successfully commissioned a Reheating Furnace (RHF) with a capacity of 25 TPH / 500 TPD, designed to heat cold billets from 30°C to 1,100°C and is expected to increase the company's TMT bar production capacity by around 500 TPD (15,000 MT per month),

Key Financial Indicators (Standalone):**(Rs. crore)**

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY26
	Audited	Audited	Unaudited
Total Operating Income	1144.03	1059.44	269.71
EBITDA	124.26	131.04	34.24
PAT	25.94	26.99	15.03
Total Debt	376.39	436.14	349.85
Tangible Net Worth (TNW)	480.84	551.19	726.54
EBITDA Margin (%)	10.86	12.37	12.70
PAT Margin (%)	2.26	2.53	5.57
Overall Gearing (times)	0.78	0.81	0.48
Interest Coverage (times)	1.67	1.89	2.45

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

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](#)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

S r. N o.	Instrument s/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years			
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26		Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
	PR Date				January 20, 2026	January 02, 2026	March 25, 2025	
1.	Fund based facilities	LT/ST	359.63	IVR BBB+/Stable; IVR A2	IVR BBB- /Stable; IVR A3	IVR BBB- /Stable; IVR A3	IVR BB+/Stable; IVR A4+	-
2.	Non- Convertible Debentures	LT	198.56	IVR BBB+/ Stable	IVR BBB- /Stable	IVR BBB- /Stable	-	-

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	Listing Status	Regulator [^]	<u>Complexity Indicator</u>
Non-convertible Debentures	INE503B07044	January 28, 2021	12% cash coupon and 15% IRR	October 06, 2030	198.56	IVR BBB+ /Stable	Listed	SEBI	Simple
Term Loan 1	-	-	-	March 2029	49.22	IVR BBB+ /Stable	NA	RBI	Simple
Term Loan 2	-	-	-	March 2029	22.97	IVR BBB+ /Stable	NA	RBI	Simple
Term Loan 3	-	-	-	March 2029	26.25	IVR BBB+ /Stable	NA	RBI	Simple
GECL	-	-	-	July 2031	11.19	IVR BBB+ /Stable	NA	RBI	Simple
WCDL 1 [#]	-	-	-	Revolving	89.00	IVR BBB+ /Stable; IVR A2	NA	RBI	Simple
WCDL 2	-	-	-	Revolving	10.00	IVR BBB+ /Stable	NA	RBI	Simple
WCDL 3	-	-	-	Revolving	50.00	IVR BBB+ /Stable	NA	RBI	Simple
Proposed long term	-	-	-	-	101.00	IVR BBB+ /Stable	NA	RBI	Simple

[#]Sub-limits of WCDL are Cash credit of Rs. 35.00 crore and Letter of Credit of Rs. 75.00 crore.

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Annexure 2: Facility wise lender details:

<https://infomericstorage.blob.core.windows.net/uploads/Len Steel Exch24 Sep26 e0002fbfaa.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

ISIN	INE503B07044
Debenture Trustee	Vistra ITCL India Limited
Original allotment date	January 28, 2021
Coupon rate	12% per annum payable monthly, overall IRR – 15% to be maintained. Step-up in coupon by 2% p.a. for the outstanding amount for the period of non-compliance in case of failure by company to reduce debt by INR 75.00 crore equity raise on or before 31 March 2026.
Financial Covenants	Capacity utilisation: Minimum 65% utilisation (vs. nameplate capacity) for DRI kilns, billet casters and rolling mills on an annual basis from 1 October 2025. EBITDA: Annual operating EBITDA $\geq$ Rs.130 crore from FY2026 onwards. DSCR: DSCR (trailing 12 months) $> 1.20x$ for FY2026; DSCR $> 1.35x$ for FY2027 and every FY thereafter until Final Settlement Date. Total Debt / Net Worth: Ratio must remain $< 1.00x$ for FY2026 and every FY thereafter. Total Debt / EBITDA: Must not exceed $3.25x$ for the FY ending 31 Mar 2026; must not exceed $2.50x$ for the FY ending 31 Mar 2027 and each subsequent FY.
Redemption date	October 06, 2030

Annexure 4: List of companies considered for Consolidated/Combined analysis: NA
Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
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



Sr. No.	Instrument / activity Name	Regulator of the instrument
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ 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 may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

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