

Vaswani Industries Limited

October 01, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 424.54 Crore (Enhanced from Rs. 233.75 crore)	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating reaffirmed)	RBI
Short Term Rating	IVR A3+ (Rating reaffirmed)	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.		

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

The reaffirmation of the ratings assigned to the bank facilities of Vaswani Industries Limited (VIL) continues to factor in the company's stable business performance in FY26 (FY refers to the period from April 01 to March 31) and in Q1FY27, supported by sustained demand for MS Billet. The ratings also benefit from the company's capacity expansion and renewable energy initiative which is expected to drive profitability in the near term. The ratings are further supported by the favourable location of the plant and established track record of operations under the guidance of experienced promoters. These rating strengths are, however, constrained by the company's moderate capital structure and moderation in debt protection metrics. The rating strengths also remain constrained by exposure to ongoing project risk and intense competition coupled with inherent cyclicity in the steel industry along with volatile input prices.

Outlook: Stable

The company's outlook remains stable and is expected to maintain stable business performance in the near to medium term supported by benefits from investments in backward integration and stable demand of steel products.

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

- **Stable business performance**

The total operating income (TOI) of the company witnessed an increase from Rs.411.63 crore in FY25 to Rs.467.37 crore registering a y-o-y growth of 13.54%. The improvement in TOI, was largely driven by an increase in volume sales of Ms. Billets (up ~43%) as the average sales realisations of Ms. Billets moderated marginally (down by ~2%). However, EBITDA per Ton has improved from ~Rs.2990 in FY25 to ~Rs.3945 in FY26. With increase in TOI, EBITDA increased from Rs. 27.49 crore in FY25 to Rs. 40.15 crore in FY26, while EBITDA margin improved from 6.68% in FY25 to 8.59% in FY26. Despite improvement in operating performance, Net profit stood at Rs. 4.24 crore in FY26, as against Rs. 8.60 crore in the previous year. The decrease in PAT was primarily attributable to higher tax provisioning and an increase in depreciation charges during the year attributable to recent capex completion. Consequently, gross cash accruals have improved in FY26 to Rs.23.37 crore (Rs.18.88 crore in FY25). In Q1FY27, VIL has already achieved a topline of Rs.117.86 crore (Rs.114.28 crore in Q1FY26) with an EBITDA margin of 11.92% (8.47% in Q1FY26). The steady improvement in EBITDA margin was largely attributed to savings in power cost (by ~50%). Going forward, the company's ability to sustain the improved operating profitability and maintain adequate capacity utilisation and realisations in the Billets segment will remain important from a credit perspective

- **Capacity expansion and renewable energy initiative to drive the profitability in the near term**

The company completed the expansion of its billet manufacturing capacity from 66,000 MT to 1,50,000 MT per annum in June 2025. The expanded capacity provides a strong platform for future growth and is expected to enhance the company's ability to cater to increasing domestic demand for steel products, while improving value addition and operational efficiencies. The company continues to focus on stabilising operations and progressively improving utilisation of the expanded billet capacity. Further, the commissioning and operationalisation of the company's total planned solar power capacity of 66.25 MWp in Chhattisgarh, which became operational in phases and was fully operational from December 2025. The operationalisation of the entire solar capacity marks an important step towards strengthening the company's renewable energy portfolio and reducing its dependence on conventional power sources. The increased integration of renewable energy is expected to support long-term cost efficiency, enhance energy security and contribute to the company's sustainability objectives.

- **Favourable location of the plant**

The manufacturing facility of VIL is strategically located at Siltara, Raipur, Chhattisgarh, which has emerged as a major industrial hub. The company has ease of access to raw material as the plant site is well connected by road and rail to all major big cities and towns. This ensures timely availability of raw materials which helps in improving efficiency in production.

- **Established track record of operation under the guidance of experienced promoter**

VIL is a part of Vaswani Group which is promoted by Mr. Ravi Vaswani and Mr. Yashwant Vaswani. The group has vast experience of over three decades in the iron and steel industry. Also being part of an established group also provides the adequate financial flexibility required in the scale up of operations and subsequent stabilization. The extensive experience of the promoter in the steel industry has helped the company in establishing relationships with reputed customers & suppliers. Further, the promoters have continuously supported the business operations by infusing capital and unsecured loans at regular intervals. The promoters have infused fresh equity capital of Rs.8.00 crore in FY2026 on preferential basis to the promoter's category only.

Weaknesses

- **Moderate capital structure with moderation in debt protection metrics**

While the company has a healthy net worth base (ATNW) of Rs.149.16 crore as on March 31, 2026, (including the subordinated unsecured loans to the tune of Rs.9.72 crore) owing to profit accretions and equity infusions towards capex. During FY26, the company issued 16,00,000 equity shares of Rs. 10 each at a premium of Rs. 40 per share to the promoters' /promoter group by way of preferential allotment, raising total proceeds of Rs. 8.00 crore. The proceeds from the preferential issue have been utilized for development of second phase solar power plant, with a capacity of 36.25 MWp. However, the capital structure of the company remained moderate, marked by a long-term debt equity ratio and overall gearing ratio at 1.51x and 1.79x respectively as on March 31, 2026, as against 0.76x and 1.07x respectively as on March 31, 2025. The moderation in capital structure was primarily due to an increase in term loans availed for the expansion of billet capacity and for commissioning of 66.25 MWp solar power portfolio. Further, the total indebtedness as reflected by TOL/ATNW though moderated continues to remain satisfactory at 2.34x as on March 31, 2026, [1.57x as on March 31, 2025]. However, elevated debt level resulted in higher finance costs, leading to moderation in the debt coverage indicators. Accordingly, the Interest Coverage Ratio (ICR) moderated to 2.28x in FY2026 from 3.44x in FY2025. Further, Total Debt/EBITDA and Total Debt/NCA also moderated to 6.66x and 11.44x, respectively, as on March 31, 2026, from 5.32x and 7.75x, respectively, as on March 31, 2025. Infomerics expects gradual improvement in the capital structure of the company supported by higher accretion of profit no further major debt-funded capex in the near term except for ongoing plant modernisation capex.

- **Intense competition and inherent cyclicity in the steel industry along with volatile input prices**

The spectrum of the steel industry in which the company operates is highly fragmented and competitive due to presence of numerous players in India owing to relatively low entry barriers. Hence, the players in the industry do not have pricing power and are exposed to the prices fixed by the industry giants. Further, the steel industry is highly cyclical. Steel prices fluctuate based on macro-economic factors, including, amongst others, consumer confidence, employment rates, interest rates and inflation rates, general levels of infrastructure activities in the region of sale, etc. Adverse volatility in steel prices will have an adverse effect on company's performance in view of VPL's direct linkage to the fortunes of steel industry.

- **Project Risk**

The Company is undertaking continuous modernization and technological upgradation of its production facilities with a focus on enhancing production capacity, operational efficiency and product quality. The company is currently upgrading its steel-making facilities through the installation of advanced technologies, including a Ladle Refining Furnace (LRF), Vacuum Degassing (VD) system, Energy Management System (EMS), two Continuous Casting Machines (CCM) and a sponge iron and scrap feeder system. The estimated cost of the project is Rs.77.10 crore which was funded through combination of term loan of Rs.55.00 crore from HDFC Bank and Rs.22.10 crore through internal accrual only. The expected schedule date of completion of installation of advanced technologies like LRF, VD, EMS and two CCM is December 2026 and SCOD for sponge iron and scrap feeder system is December 2027. Till June 30, 2026, VIL has already incurred Rs.33.87 crore, comprising Rs.24.18 crore through loan fund and rest Rs. 9.69 crore through internal accrual. Upon commissioning the company expects improvement in its operating efficiency and consequent improvement in profitability. Timely completion and stabilization of capex remain a key rating monitorable.

Liquidity – Adequate

The liquidity profile of the company is expected to remain adequate, marked by adequate cash accruals from operations vis-à-vis debt repayment obligations ranging from Rs. 15.72 crore to Rs. 27.32 crore during FY27-FY29. The company had free cash and cash equivalents of Rs. 4.68 crore as on March 31, 2026, providing adequate financial flexibility. Further, the company has moderate gearing headroom, marked by an overall gearing ratio of 1.79x as on March 31, 2026. The liquidity position is moderated by the average fund-based working capital utilisation of ~80% during the past 12 months ended July 2026, indicating a moderate liquidity buffer. Nevertheless, the liquidity profile is further supported by demonstrated promoter support, with promoters infusing Rs. 8.00 crore as equity during FY26 to meet the company's funding requirements.

Rating Sensitivities

Upward Factors

- Growth in revenue with improvement in profitability metrics thereby leading to improvement in cash accruals on a sustained basis
- Improvement in the capital structure with improvement in overall gearing ratio to below 1.5x on a sustained basis.
- Improvement in working capital management leading to improvement in operating cycle and liquidity.

Downward Factors

- Decline in revenue and profitability leading to deterioration in gross cash accruals and debt protection metrics on a sustained basis.
- Withdrawal of subordinated unsecured loans and/or any unplanned capex leading to moderation in the capital structure with moderation in overall gearing ratio to above 2.5x.
- Moderation in liquidity.

About the Company

Incorporated in 2003, Vaswani Industries Ltd (VIL) is a Chhattisgarh-based company operating in the iron and steel industry. The company is primarily engaged in the manufacturing of high-quality mild steel (MS) billets and sponge iron. Strategically located in the mineral-rich state of Chhattisgarh, VIL benefits from proximity to key raw materials, facilitating efficient sourcing and streamlined production. The company currently has an installed manufacturing capacity of 90,000 MTPA for sponge iron and 150,000 MTPA for MS billets. Since 2009, it has also operated an 11.5 MW power plant for captive consumption. Further, the 66.25 MW solar power project has been commissioned and operational since December 2025, enabling the company to progressively increase its use of renewable energy and reduce dependence on conventional fossil fuels.

Backed by promoters with over three decades of experience in the iron and steel sector, the company has built strong relationships with both customers and suppliers. The company is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1FY27
	Audited	Audited	Unaudited
Total Operating Income	412.40	467.40	117.78
EBITDA	27.49	40.15	14.04
PAT	8.61	4.24	1.16
Total Debt	146.36	267.27	-
Tangible Net Worth (TNW)	129.83	142.44	-
EBITDA Margin (%)	6.67	8.59	-
PAT Margin (%)	2.08	0.91	-
Overall Gearing (times)	1.07	1.79	-
Interest Coverage (times)	3.44	2.28	2.28

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

Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria for assigning Rating outlook](#)

[Policy of Withdrawal of Ratings](#)

Status of non-cooperation with previous CRA:

CRISIL vide its press release dated June 30, 2026, continued the rating in issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/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 2023-24
					July 14, 2025	-	-
1.	Fund based facilities	LT	359.54	IVR BBB/Stable	IVR BBB/Stable	-	-
2.	Non-fund-based facilities	ST	65.00	IVR A3+	IVR A3+	-	-

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^	Complexity Indicator
Term Loan I	-	-	-	Feb 2032	37.65	IVR BBB/Stable	NA	RBI	Simple
Term Loan II	-	-	-	March 2036	55.00	IVR BBB/Stable	NA	RBI	Simple
Term Loan III	-	-	-	March 2038	95.79	IVR BBB/Stable	NA	RBI	Simple
Term Loan IV	-	-	-	Dec 2037	83.40	IVR BBB/Stable	NA	RBI	Simple
ECLGS - I	-	-	-	May 2031	1.93	IVR BBB/Stable	NA	RBI	Simple
ECLGS -II	-	-	-	May 2031	6.59	IVR BBB/Stable	NA	RBI	Simple
GECL	-	-	-	Dec 2027	0.78	IVR BBB/Stable	NA	RBI	Simple
WCDL	-	-	-	-	0.00 (6.00crore)	Withdrawn	NA	RBI	Simple



E-VFS	-	-	-	-	5.00	IVR BBB/ Stable	NA	RBI	Simple
Proposed ECLGS	-	-	-	-	3.40	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit -I	-	-	-	-	33.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit -II	-	-	-	-	10.00	IVR BBB/ Stable	NA	RBI	Simple
Cash Credit -III	-	-	-	-	27.00	IVR BBB/ Stable	NA	RBI	Simple
Bank Guarantee	-	-	-	-	20.00	IVR A3+	NA	RBI	Simple
Letter of Credit	-	-	-	-	45.00	IVR A3+	NA	RBI	Simple

^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.

*Rating assigned to the WCDL limit of Rs. 6.00 crore earlier has been withdrawn based on No Due Certificate of the lender, received from the client.

Annexure 2: Facility wise lender details

https://infomericstorage.blob.core.windows.net/uploads/Len_Vaswani_Industries_1oct26_46f6259e8c.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

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (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)* \$	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
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 Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (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.

Note: 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.

Analytical Contact

Name: Avik Podder

Landline number: (033) 46022266

Email ID: apodder@infomerics.com

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