

## BMSS Steel Industries Private Limited

April 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The issuer ratings assigned to BMSS Steel Industries Private Limited (BSIPL) is constrained by its small scale of operations along with moderate profitability margins, leveraged capital structure and weak debt coverage indicators. The ratings further continue to be constrained by working capital intensive nature of operations and susceptibility of margins to volatile raw material prices. The ratings, however, derive strength from the long track record with extensive experience of the promoters and strong relationship with reputed supplier base as an authorised stockiest of L&T Special Steels and Heavy Forgings Private Limited (L&TSSH).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in scale of operations with Total Operating Income (TOI) exceeding Rs. 100 crore on a sustained basis
- Improvement in capital structure marked by overall gearing reaching below 2x on a sustained basis.

#### Negative factors

- Decline in scale of operations with TOI reaching below Rs. 75 crore on a sustained basis.
- Deterioration in the profit margin with PBILDT margin reaching below 3% on a sustained basis.
- Deterioration in debt coverage indicators with interest coverage ratio reaching below 1.5x on a sustained basis

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that the entity will continue to benefit from the extensive experience of the promoters thereby sustaining its financial risk profile.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Small scale of operations with moderate profit margins

BSIPLs overall scale of operations stood small marked by Total operating Income (TOI) stood in the range of Rs.36.98 crore to Rs.94.64 crore during FY20 to FY24. TOI grew at compounded annual growth rate (CAGR) 18.89% in last 5 years ended FY24. Its TOI remained at Rs.94.64 crore in FY24 vis-à-vis Rs.92.57 crore in FY23 due to muted demand from the export market which reduced the export from 10% in FY23 to 2% in FY24 primarily due to lower demand from Europe which was offset through increase in revenue from domestic market owing to high demand. Further, during 10MFY25 BSIPL has booked TOI of Rs.75.31 crore. The TOI is expected to remain at similar levels for FY25. The tangible network also stood low at Rs.9.04 crore as on March 31, 2024 (vis-à-vis Rs.7.49 crore as on March 31, 2023) which limits the financial flexibility of the company in case of any exigencies.

BSIPL's operating profitability exhibited a stable trend with a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin within the range of 4-5% in the past three years ended FY24 due to low value addition nature of business. Profit after Tax (PAT) margin stood modest at 1.64% in FY24 vis-à-vis 1.36% in FY23. Going forward, profitability is expected to remain stable owing to expected stable realisations and input costs.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Leveraged capital structure and weak debt coverage indicators

The company's capital structure stood leveraged, as marked by an overall gearing of 2.79x as on March 31, 2024 (vis-à-vis 2.73x as on March 31, 2023) owing to high reliance on external debt. The total outside liabilities to net worth stood high at 5.20x as on March 31, 2024 (vis-à-vis 4.77x as on March 31, 2023). The slight deterioration in capital structure was on account of increase in utilisation of working capital limits and infusion of unsecured loans to fund working capital requirements during FY24.

Debt coverage indicators remained weak, with a moderate PBILDT interest coverage of 1.96x in FY24 (vis-à-vis 1.6x in FY23) and a high total debt to gross cash accruals (TD/GCA) of 14.21x in FY24 (vis-à-vis 14.29x in FY23). The interest coverage stood at 1.76x during 10MFY25. Going forward, the capital structure is expected to remain leveraged and debt coverage indicators to at similar levels on account of expected increase in working capital borrowings.

### Working capital intensive nature of operations

The operations are highly working capital intensive and net working capital as a percentage of capital employed was 82% as on March 31, 2024. Gross current asset period elongated during FY24 to 198 days from 153 days in FY23, majorly due to increase in inventory period from 40 days in FY23 to 62 days in FY24. The collection period also elongated from 72 days in FY23 to 82 days in FY24. On the other hand, average creditors' period increased from 77 days in FY23 to 104 days in FY24. The company holds 2.5 months of inventory and the same has increased in FY24 due to purchase and stocking of goods from L&TSSH and BSIPL has to keep products of different sizes and varieties to cater to the demand. On account of the same, the working capital cycle stood moderate at 41 days in FY24 as against 35 days in FY23.

### Susceptibility of profit margins to volatility in raw material prices

BSIPL's profit margins remained susceptible to the volatility in steel prices, which remained highly fluctuating during past. However, grade of steel in which BSIPL deals, there is a time gap in fluctuation in prices with respect to steel prices and the same passed on to its customers on periodic basis. Nevertheless, due to higher inventory maintained to meet the immediate demand from its customers along with timing differences in the procurement and sales and inability to pass on the same due to intense competition in the market, any adverse fluctuation in the steel prices impacts the profitability of the company.

### Key strengths

#### Long track record and extensive experience of promoters in the industry

BSIPL was incorporated in July 1987 and has an operational track record of over three decades. Over the years of existence in the market, the company has established its market presence across domestic market. The current promoters Mr. Rajiv Goradia and Mr. Vivek Goradia having more than a two decades of experience in the steel industry and oversees marketing and sales operations. Over the year of experience, promoters have gained long term relationship with its customers, suppliers and stakeholders.

#### Authorised stockiest of L&TSSH

The company is a stockiest for L&TSSH, in the recent times which resulted to significant increase in its scale of operations on the back of healthy product demand for its products. The company expects to receive formal agreement where BMSS will be exclusive supplier for L&TSSH for its die casting products pan India region deriving revenue visibility in medium term. The company is also an authorised dealer of Goradia Steels Ltd and caters to more than 400 domestic and export customers.

### Liquidity: Stretched

Liquidity is stretched, marked by weak current ratio and quick ratio, high utilization of its working capital limits and moderate cash accruals against debt repayment in medium term. While the current ratio and quick ratio stood at 1.24x and 0.75x respectively as on March 31, 2024. Its working capital limits of Rs. 10 crore had maximum average utilisation of around 94% and during 12 months ended December 2024 with instances of adhoc limits availed during past. The entity has also availed non-fund based limits of Rs.8 crore with average utilisation of 92% during last 12 months ended January 2025. While cash-flow from operations was negative at Rs.1.23 crore in FY24 vis-à-vis positive cash flow from operations of Rs. 1.77 crore in FY23. Unencumbered cash and bank balance was around Rs.0.23 crore as on March 31, 2024.

### Environment, social, and governance (ESG) risks: Not Applicable

### Applicable criteria

[Definition of Default](#)

[Issuer Rating](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Diversified Metals	Diversified Metals

BMSS Steel Industries Private Limited (BSIPL), based in Mumbai, Maharashtra, was founded by Himatlal Goradia in July 1987. Currently it is managed by Rajiv Goradia and Vivek Goradia. The company is engaged in trading and distribution of various types of alloys and die steel grade. It caters to customers in industries of close die forging segments, aluminium excursion industry (die maker), oil and gas industry, heavy engineering industry, defense vendor and seamless tube. The company is ISO 9001 certified company and has a processing cum service centres and steel yards at Taloja, Maharashtra, and Ludhiana, Punjab.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	January 31, 2025 (UA)
Total operating income	92.57	94.64	75.31
PBILDT	3.74	4.45	4.20
PAT	1.26	1.55	1.23
Overall gearing (times)	2.73	2.79	NA
Interest coverage (times)	1.60	1.96	1.76

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE BB; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE BB; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Issuer Rating-Issuer Ratings	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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