

Lall Steels Private Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.55	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	8.11	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Lall Steels Private Limited to monitor the rating(s) vide email communications dated May 21, 2025, June 18, 2025, June 20, 2025 and June 23, 2025 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further Lall Steels Private Limited has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating of Lall Steels Private Limited's bank facilities will now be denoted as 'CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company.

The rating remains constrained by its modest scale of operation, project implementation risk (third induction furnace) with pending financial tie-up, leveraged capital structure, working capital intensive nature of its operations, susceptibility of profitability to volatility in raw material prices and intense competition & cyclical nature associated with the steel industry. CARE takes note of successful commissioning of its billet manufacturing and enhanced TMT plant in mid-Jan 2024.

The ratings however derive comfort from experienced promoters, ramp up in scale of operation post COD (Commercial Operations Date) of the billet & TMT plant, improvement in collection period and favourable locational advantage.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on May 22, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Modest scale of operations albeit improvement witnessed post commissioning of new billet and enhancement of TMT rebar capacity from Jan 2024: Post dip in Total operating income (TOI) in FY22 during the Covid-19 pandemic, the company's TOI has witnessed improvement to Rs 51.90 crores and Rs 62.15 crores in FY23 and FY24 (A). However, the scale of operations remain modest. In FY23, the company sold off its ingot unit as scrap and in FY24, existing TMT rebar (rolling) unit was temporarily shut down for several months during the construction of the new billet unit and the upgrade of the TMT rebar plant. This led to lower revenues until December 2023, with the company recording revenues of approximately ~Rs 23 crores for the first nine months of FY24. Out of the TOI of around ~Rs 62.15 crores in FY23, around ~Rs.39 crore was booked in Q4FY24 post commissioning of billet plant and upgradation/enhancement of TMT plant in mid-January 2024. In FY25, the company's TOI is expected to improve significantly given the commissioning of new billet & enhanced TMT rebar facilities in mid-Jan 2024.

Project implementation risk with pending financial tie-up: The company is in the process of installing a third induction furnace which would increase its billet capacity from the current 52,800 MTPA to around 79,000 MTPA. Apart from the same, The company is also doing ancillary works like constructing sheds and upgradation of old rolling mills. The total estimated cost is approximately Rs 12 crores, to be financed with Rs 9 crores in debt and the remainder from internal accruals. However, financial closure is pending. The company plans to commission the third induction furnace by September 2024. As of April 30, 2024, the

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

company has invested Rs 3 crores from its own funds. The addition of the third furnace is expected to improve the utilization of the rolling mill, currently operating at 50 to 60% capacity.

Leveraged capital structure: The capital structure of the company remained leveraged marked by overall gearing of 1.03x as of March 31, 2024, as compared with 0.65x as of March 31, 2023. The moderation was largely on account full drawdown of term debt and increase in unsecured loans to fund the capex and increase in WC utilisation to fund its increased scale of operations. Going ahead, the company is expected to avail term debt of Rs.9 crore for setting up the third induction furnace along with enhanced working capital limits of Rs.15 crore (current sanctioned limits of Rs.9.5 crore) to fund growing scale of operations.

Working capital intensive nature of operations albeit improvement witnessed in collection period: The operations of LSPL is working capital intensive in nature as the company historically gave credit of around three to four months to its customers and maintained inventory of around two to three months for timely supply to its customers. Moreover, it availed credit of around one month from its suppliers. However, the company has revised its collection policy, now predominantly conducting sales against advances. However, for long standing customers, credit of 10 to 15 days is extended. Although the change in policy has led to improvement in collection period to 85 days in FY24 (compared to 108 days in the previous year), it remains elongated due to receivables pending over 6 months, totalling around Rs 5 crores, some of which are under litigation according to management, thus extending the operating cycle. As of March 31, 2024, receivables less than 6 months amounted to approximately Rs 9 crores out of total receivables of Rs 14 crores, resulting in a collection period of around 20 days for current sales. With revision in debtors' management policy, the company can finance its purchases in advance, leading to a decrease in the creditors' period from 18 days in FY22 to 4 and 8 days in FY23 and FY24, respectively. This improvement signifies better management of working capital for the company.

Profitability susceptible to volatility in raw material prices: The company currently lacks backward integration for essential raw materials such as pig iron, coal, and sponge iron, sourcing them from the open market at spot prices. Previously, it relied on external sources for billets for its rolling mill operations. However, with the inception of its own billet unit starting January 2024, the company now stands to benefit from cost savings by producing billets in-house, which would help in boosting the profit margins. Nonetheless, the company remains susceptible to fluctuations in the steel sector's demand and supply dynamics, thereby maintaining volatility in its profitability.

Intense competition and cyclicity in the steel industry: The steel industry operates within a cyclical framework, closely tied to economic fluctuations, given its primary users—construction, infrastructure, automobiles, and capital goods—are significantly influenced by economic conditions. Consequently, a downturn in demand within these sectors directly impacts the demand for steel products. This sensitivity to economic shifts underscores the steel industry's susceptibility to changes in overall economic health, interest rates, and seasonal variations in market demand and supply conditions. Competition within the steel sector is intense, characterized by both organized and unorganized players. Moreover, the industry's product range is relatively limited due to the commodity nature of steel products. While there has been a trend towards greater organization within the industry, with a decline in the share of unorganized players over time, margins remain under pressure due to the continued fragmentation of the industry. This competitive landscape necessitates a focus on operational efficiency, cost management, and strategic positioning within the market to maintain profitability amid challenging market conditions.

Key strengths

Experienced promoters: LSPL is into manufacturing of iron and steel products since 1994 and thus have a long track record of operations. Being in the same line of business since long period, the promoters have built up established relationship with its clients and the company is deriving benefits out of this. The key promoter, Mr. Jai Prakash Lal has around three decade of experience in iron and steel industry, and he looks after the day-to-day operations of the company. He is supported by other directors who also possess long experience in iron and steel industry.

Successful installation of the billet plant and augmentation of TMT bar capacity, anticipated to drive future revenues and margin growth: The company has successfully completed the installation of the billet plant and the enhancement of TMT bar capacity by mid-January 2024, at a cost of approximately Rs 13 crores. Although the initial plan aimed for a billet capacity of 33,000 MTPA and TMT capacity of 60,000 MTPA, however there has been an increase in the installed capacity (Billet – 52,800 MTPA & TMT – 64,680 MTPA) than envisaged, while remaining within the budgeted cost. After operations began, the company has generated a total operating income of approximately Rs 38 crores between January 15, 2024, and March 31, 2024, with the majority achieved in February and March 2024. The average monthly sales were around Rs 14 crores during this period. In April 2024, the company has already achieved sales of Rs 15 crores. Historically, lower profitability margins stem from the older plant (established in 1994) and the less cost-effective TMT manufacturing process due to the absence of Continuous Casting Method (CCM). This necessitated the production of ingots and reheating for TMT manufacturing. In FY24, margins saw a marginal improvement but remained low at around 3.94% (compared 3 CARE Ratings Ltd. Press Release to 3.17% in the previous year). This is primarily attributed to the new plant becoming operational in Q4FY24 while fixed expenses had to be borne for the full year. With the new plant running for the entire FY25, margin improvement is expected.

Favourable locational advantage: The plant's location is advantageous due to the convenient availability of key raw materials such as sponge iron and pig iron. States like Bihar, Jharkhand, and Odisha, which are rich in iron ore resources, has witnessed a thriving steel industry. This abundance of raw materials nearby ensures cost-effective transportation, contributing to reduced operational expenses for LSPL.

Applicable criteria

[Definition of Default](#)
[Information Adequacy Risk and Issuer Non-Cooperation](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Incorporated in April 2010, Shree Mahavir Iron & Steel Private Limited (SMISPL) came into operation by acquiring Angle manufacturing business from Sunvijay Rolling Mills Private Limited in 2011. The company is promoted by Chhattisgarh based Patel Family. The promoter includes Sunil Kumar Patel and Devram Patel having experience in same line of business for more than 10 years through its Angle manufacturing business. In February 2023 SMISPL has setup a manufacturing unit of TMT bar in Raipur, Chhattisgarh under a brand name "Gajapati TMT" with a capacity of 1,50,000 MTPA at a project cost of Rs.47.38 crore funded through debt of Rs. 30.00 crore and remaining through equity/unsecured loan.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	51.90	62.15
PBILDT	1.65	2.67
PAT	0.08	0.03
Overall gearing (times)	0.65	1.03
Interest coverage (times)	2.92	1.91

A: Audited; 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
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	8.11	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	September, 2028	13.55	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	8.11	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable / CARE A4 (22-May-24)	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (05-Jan-24)	1)CARE BB-; Stable / CARE A4 (04-Jan-23)
2	Term Loan-Long Term	LT	13.55	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (22-May-24)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (05-Jan-24)	1)CARE BB-; Stable (04-Jan-23)
3	Fund-based - LT-Cash Credit	LT	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING *	-	1)CARE BB; Stable (22-May-24)	1)CARE B+; Stable; ISSUER NOT COOPERATING * (05-Jan-24)	1)CARE BB-; Stable (04-Jan-23)

*Issuer did not cooperate; based on best available information.

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	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Term Loan-Long Term	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 for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: 9230531485 E-mail: arindam.saha@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Punit Singhania Associate Director CARE Ratings Limited Phone: 9874341122 E-mail: punit.singhania@careedge.in
	Souptik Pal Analyst CARE Ratings Limited E-mail: Souptik.pal@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**