

## Dina Iron & Steel Limited

August 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	28.86 (Reduced from 29.15)	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Dina Iron & Steel Limited (DISL) takes into consideration the company's profitability being susceptible to volatility in the prices of raw materials, moderate scale of operation, moderate capital structure and debt coverage indicators and cyclical nature of the steel industry. However, the ratings continue to derive strength from experience of the promoters with satisfactory track record of operations, partially integrated operation with satisfactory capacity utilisation, diversified supplier and customer base and favourable location of the plant.

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

#### Positive factors

- Growth in scale of operations as marked by total operating income of above ₹275.00 crores on a sustained basis.
- Increase in profitability margins as marked by PBILDT and PAT margins of above 4.00% and 1.50% respectively on sustained basis.

#### Negative factors

- Deterioration in the capital structure as marked by overall gearing ratio above 2.00x on a sustained basis.
- Decline in coverage indicators as marked by interest coverage ratio below 1.50x and total debt to GCA of above 10.00x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects the ability of the company to maintain consistent operating performance and profitability levels while continuing to benefit from the experience of its promoters and established market reputation.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Profitability susceptible to volatility in raw material prices

The primary raw material required by DISL is sponge iron, the prices of which are volatile in nature. In FY25, raw material consumption constituted approximately 79% of the company's total cost of sales, compared to 80% in FY24. Accordingly, the profitability of DISL is susceptible to volatility in the prices of its raw materials as it is one of the major cost drivers of the company. DISL procures its key raw materials such as sponge iron and pig iron from suppliers spread across nearby regions and the purchases are made either in cash or at most on short credit period ranging from 2-5 days.

##### Moderate scale of operation

DISL is a relatively small player for Mild Steels Billets, TMT Bars & Wires, in comparison to other players operating in this industry. The scale of operations has remained moderated at ₹168.34 crore in FY25 (PY: ₹166.65 crore). DISL discontinued its royalty-based agreement with Kamdhenu group from April, 2023 and started selling its products under brand name "Vijay TMT". The brand is gradually being accepted in the market and the revenues and volumes are expected to improve in the medium term. The moderate size might restrict the financial flexibility of the entity in times of stress and deprives it from benefits of economies of scale. The PBILDT margins remained stable at 3.37% in FY25 (PY: 3.80%). In Q1FY26, the company has achieved TOI of ₹54.44 crore.

##### Moderate capital structure and debt coverage indicators

The company's capital structure is marked moderate by overall gearing of 1.42x as on March 31, 2025, as against 0.85x as on March 31, 2024. It moderated majorly on account of working capital utilisation on balance sheet date. Consequently, Total debt to Gross cash accruals moderated to 11.44x in FY25 as against 5.90x in FY24.

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

### **Cyclicality associated with the steel industry**

The steel industry is inherently sensitive to fluctuation in business cycles, which are influenced by macroeconomic conditions, interest rates and seasonal changes in the demand and supply conditions in the market. Apart from the demand side fluctuations, the capital-intensive nature of steel projects along-with the inordinate delays in the completion impact the responsiveness of supply side to demand movements. Furthermore, the producers of finished steel & related products like DISL are essentially price takers in the market (i.e. their fortune depends upon the construction industry), which directly expose their cash flows and profitability to the volatility of the end user industry.

### **Key strengths**

#### **Experienced promoters with satisfactory track record of operations**

DISL is managed by Mr. Sanjay Kumar Bhartiya (Promoter) with adequate support from Mr. Prashant Kumar Bhartiya, (brother of Mr. Sanjay Kumar Bhartiya). The company started its operation in 1999 and accordingly has a track record of more than two decades. Mr. Sanjay Kumar Bhartiya, the promoter of the company, has been associated with Iron and Steel Industry for about 3 decades.

#### **Partially integrated operation with satisfactory Capacity Utilization**

DISL has a partial integrated method for production of TMT bars and wire rods by captive manufacturing of billets rather than procuring it from the market leading to reduction in operating cost and increase its profitability. The overall capacity utilisation stood at ~33.98% in FY25 (PY: 30.97%). In Q1FY26, the capacity utilisation stood at 51.13%. The capacity utilization is expected to improve in near to midterm with the expected growth in scale of operations.

#### **Diversified supplier and customer base**

DISL purchases its primary raw materials such as sponge iron and pig iron from a diversified network of suppliers. No single supplier contributed more than approximately 23% of the total raw material purchases in FY25 (FY24: contributed less than 28%). The diversified network of suppliers mitigates supply chain risks. The customer base is also well diversified, with no individual customer accounted more than 15% of revenue in FY25 (FY24: accounted less than 13%). The distribution of revenue across multiple clients reduces dependency on any single customer and supports stable business performance.

#### **Favourable locational advantage**

The plant location is favourable in terms of readily availability of raw materials such as sponge iron, pig iron etc. Since the states like Bihar, Jharkhand and Odisha are enriched with iron ore, the steel industry has been flourishing in the region which ensures the abundant supply of aforesaid raw materials in the vicinity resulting in cheaper transportation cost. Further, the plant benefits from its closeness to densely populated area such as Patna, where there is easy availability of skilled labour at reasonable wages.

#### **Liquidity: Adequate**

Liquidity is marked adequate as company generated GCA of ₹3.52 crore in FY25 as against debt repayment obligations of ₹0.59 crore. In FY26, the company is expected to generate sufficient GCA against debt repayment obligations of ₹0.88 crore. The average utilisation of working capital limits stood around 80% for last 12 months ended July 2025 as articulated by the lender.

### **Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

### **About the company and industry**

#### **Industry classification**

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

DISL is promoted by Bhartiya family of Patna and was incorporated in July 1992 as JM Dina Ispat Ltd. (JMDIL) to set up a manufacturing unit for iron and steel products. The company has setup its manufacturing facility (Rolling Mill) at Didarganj in Patna for Mild Steels Billets, TMT Bars & Wires. DISL uses billets mainly for captive purpose for manufacturing of TMT bars and

wires. The day-to-day affairs of the company are looked after by Mr. Sanjay Kumar Bhartiya with adequate support from his brother Mr. Prashant Kumar Bhartiya, and a team of experienced professionals.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26(UA)
Total operating income	166.65	168.34	54.44
PBILDT	6.33	5.67	2.67
PAT	2.28	2.28	-
Overall gearing (times)	0.85	1.42	-
Interest coverage (times)	2.52	2.26	-

A: Audited UA: Unaudited; 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		-	-	-	25.00	CARE BB+; Stable
Fund-based - LT-Cash Credit		-	-	-	1.50	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	March 2028	2.36	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	Fund-based - LT-Cash Credit	LT	25.00	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Oct-24)	1)CARE BB+; Stable (06-Sep-23)	1)CARE BB+; Stable (04-Aug-22)
2	Fund-based - LT-Term Loan	LT	2.36	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Oct-24)	1)CARE BB+; Stable (06-Sep-23)	1)CARE BB+; Stable (04-Aug-22)
3	Fund-based - LT-Cash Credit	LT	1.50	CARE BB+; Stable	-	1)CARE BB+; Stable (07-Oct-24)	1)CARE BB+; Stable (06-Sep-23)	1)CARE BB+; Stable (04-Aug-22)

LT: Long 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	Fund-based - LT-Term Loan	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.

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