

## RSW Steel Private Limited

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	32.25	CARE BB; Stable	Upgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The upgrade of the long-term rating assigned to the bank facilities of RSW Steel Private Limited (RSPL) factors in improvement in financial risk profile of the company marked by lower overall gearing and substantial growth in cashflow from operations during FY25 (refers to the period from April 01, 2024, to March 31, 2025). The rating further derives strength from experienced promoters, association with Rathī Imperium leading to a readily available market for the end products and satisfactory operating cycle. However, the rating continues to remain constrained by thin profitability margins, exposure to volatility in raw material prices, highly competitive and cyclic nature of the steel industry.

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

#### Positive factors

- Improvement in overall gearing levels of the company to below 2.50x on a sustained basis.
- Improvement in scale of operations with PBILDT margins of the company above 2.50% on a sustained basis.

#### Negative factors

- Any significant decline in TOI of the company with PBILDT margins below 1.00% on a sustained basis.
- Deterioration of overall gearing levels to above 5.00x on a sustained basis

### Analytical approach: Standalone

#### Outlook: Stable

The Stable outlook reflects CARE Rating's opinion that the company will continue to benefit from the experience of its promoters in the industry along with long term association with Rathī Imperium.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Leveraged financial risk profile

The financial risk profile of the company improved in FY25 though remained leveraged as characterised with overall gearing of 4.20x as on March 31, 2025 (PY: 7.11x). This improvement was primarily driven by the repayment of unsecured loans from corporate entities as a result of lower working capital requirements. The reduced need for working capital stems from the company's shift to sourcing raw materials exclusively from Shree Sidhbali Steels Ltd, which offers a shorter credit period of 4–7 days as compared to the earlier suppliers. The debt coverage indicators of the company continued to remain weak as reflected by PBILDT interest coverage and total debt/GCA of 1.19x (PY: 1.29x) and 19.35x (PY: 36.34x) in FY25.

#### Moderate scale of operations with thin profitability Margins

The total operating income of the company remained largely stable at Rs.502.67 crore in FY25 (PY: Rs.506.24 crore), However, the PBILDT and PAT margin of the company continued to remain low at 1.10% (PY: 1.18%) and 0.31% (PY: 0.23%) respectively in FY25 due to limited value addition, volatility in steel prices and intense competition from local and small players.

#### Supplier Concentration Risk

Due to a strategic shift, this year onwards, the company procures all of its raw material requirement from Sidhbali, an adjacent plant to RSPL under annual contract. This change has eliminated the need for the furnace process in converting sponge iron to ingots, as well as the reheating cost of ingots for the rolling process. However, this exposes the company to supplier concentration risk as any disruption within the production process of billet would impact the production process at RSPL.

#### Susceptibility to volatility in raw material price

Prices of major raw materials for the company such as steel ingots and billets are inherently volatile in nature. The company operates with 'Rathī Imperium' brand name enabling it to pass on the volatility in raw material prices to its customer to a certain extent. Further, the company pays a royalty of ~Rs. 200/ tonne to Rathī Private Limited. However, owing to highly competitive nature of the industry, the company is not able to pass on the full impact of the fluctuation in raw material prices to its customers, which has a bearing on the margins.

<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.

### Presence in a highly competitive and cyclical steel industry

TMT bars are used in various industries with construction and infrastructure industry being the largest demand segment. Thus, demand for TMT bars is largely linked to the demand in the construction and infrastructure (mainly real estate) segment which closely follows the macroeconomic cycle and thus is cyclical in nature. Further, there are large number of small and unorganized players in the TMT bars manufacturing industry. Thus, due to low value addition, presence in the lower segment of the value chain and fragmented nature of industry, the profitability of players engaged in manufacturing of TMT bars is inherently thin.

### Key Strengths

#### Satisfactory Operating cycle of the company

The Operating cycle of the company continued to remain comfortable at 31 days in FY25 (PY: 39 days). Further, the company since April, 2024 procures Billets from Shree Sidhali Steel Pvt Ltd, a plant adjacent to the current manufacturing unit of RSPL, which is the sole supplier for Billets to RSPL. This in turn has lowered the input cost and inventory as the Ingots procured is directly used in manufacturing of TMT bars, thereby eliminating the holding period and preheating process.

#### Experienced Promoters

RSPL is promoted by Anil Kumar Tayal who has experience of more than 30 years in the similar industry. Before RSPL, he was the promoter and Managing Director of Shri Sidhali Steels limited which produced TMT bars under its own brand name. He is assisted by Mr. Naveen Kansal, who has experience of more than 15 years in the industry.

#### Liquidity: Stretched

The company is expected to generate GCA of ~Rs 2.92 crores in FY26 against repayment obligations of Rs 0.75 crores. The liquidity profile of the company is stretched as marked by high utilisation at 79% for past 12 months ending March 31, 2025. Further, the company had low cash and bank balance of Rs.0.17 crore as on March 31, 2025. RSPL is not planning to incur any capex in the near to medium term

### 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

RSW Steel Private Limited (RSPL) is an ISO 1786:2008 Certified company based in Muzaffarnagar, Uttar Pradesh. The company manufactures TMT bars from raw materials like Ingots and billets. The company sells its TMT bars under the brand name "Rathi Imperium" since its inception in 2018 and sells them to their suppliers majorly in Northern Indian state of Uttar Pradesh, Delhi and Haryana. The plant has the maximum capacity of producing 1.2 Lacs Tonne Per annum of TMT bars. The plant is leased out for the period of 5 years from Shri Sidhali Steels Limited at the rate of Rs. 8.50 lakhs per month in 2018. The lease was recently renewed for the period of 5 years till 2028 at the rate of Rs. 10 lakhs per month

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	506.24	502.67
PBILDT	5.95	5.53
PAT	1.17	1.57
Overall gearing (times)	7.11	4.20
Interest coverage (times)	1.29	1.19

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		-	-	-	30.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	October 2027	2.25	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	30.00	CARE BB; Stable	-	1)CARE BB-; Stable (23-Jul-24)	1)CARE BB-; Stable (23-Jun-23)	-
2	Fund-based - LT-Term Loan	LT	2.25	CARE BB; Stable	-	1)CARE BB-; Stable (23-Jul-24)	1)CARE BB-; Stable (23-Jun-23)	-

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](mailto:care@careedge.in) for clarifications.

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