

## SWARUP STEEL INDUSTRIES PRIVATE LIMITED

November 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	150.00	CARE BB; Stable	Assigned
Short Term Bank Facilities	20.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Swarup Steel Industries Private Limited (SSIPL) are constrained by the nascent stage of operations, as the company has only recently commenced production of billets and TMT bars. With revenue generated for a partial period and the plant currently in the stabilisation phase, the business remains exposed to ramp-up risks and the company's ability to achieve the envisaged scale and profitability in the near to medium term period. The ratings also factor in the leveraged capital structure, stemming from the debt-funded nature of the greenfield project, along with moderate coverage indicators. Further with the stabilisation of the plant operations, improvement in operational performance and accruals will remain critical for strengthening the financial profile. The company operates in a competitive segment of the steel industry, where pricing flexibility is limited and profitability remains sensitive to fluctuations in demand from construction and infrastructure.

However, the ratings derive strength from the extensive experience of the promoter group in steel manufacturing and project execution, along with the strategic location of the plant near established industrial clusters, supporting scale-up and operational efficiencies over the medium term.

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

#### Positive factors

- Sustained growth in total operating income to above Rs. 300 crore with PBILDT margins consistently above 7 to 8%, supported by stable operations and higher capacity utilisation.
- Improvement in leverage with overall gearing moderating below 1.5x on a sustained basis.

#### Negative factors

- Slower ramp-up of operations resulting in total operating income remaining below Rs. 200 crore or PBILDT margins falling below 6% on a sustained basis.
- Any significant increase in overall gearing beyond current levels due to incurring additional debt, higher working capital borrowings, or lower-than-expected accruals.

**Analytical approach:** Standalone

#### Outlook: Stable

"Stable" outlook reflects CareEdge Ratings' opinion that SSIPL will continue to derive benefit from extensive experience of the promoters in the steel manufacturing industry.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Nascent stage of operations

The company remains in the nascent stage of operations, having commenced manufacturing of M.S. billets in mid-June 2025 and TMT bars in August 2025. As a result, revenue contribution has only been for a partial period, with the company reporting a total operating income of Rs. 73.90 crore and PBILDT of Rs. 6.70 crore during H1FY26 (UA). The PBILDT and PAT margins for H1 FY26 stood modest at around 9% and 0.28%, respectively, given the initial build-up of production, stabilisation of operations, and fixed cost absorption. With the plant expected to operate at higher utilisation levels, the company has projected a healthy scale-up,

<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.

with total operating income estimated at ~ Rs. 251 crore in FY26, supported by stabilisation of operations in both billet and TMT divisions.

### **Leveraged capital structure with moderate debt coverage indicators**

The capital structure remains leveraged owing to the significant debt-funded capex undertaken for setting up the integrated billet and rolling mill facility. The total debt increased to Rs. 101.81 crore as on March 31, 2025, which is expected to further rise owing to increase in term loans and working capital borrowings during FY26. Consequently, the overall gearing stood high at 1.65x as on March 31, 2025, and is estimated to moderate to ~2.28x in FY26 with the incremental utilisation of working capital lines and increase in term debt. Debt coverage indicators are at a moderate level, with Total Debt/PBILDT estimated at 7.90x in FY26 and interest coverage at 1.67x. Improvement in operational performance, scheduled debt repayments, and growth in profitability will remain critical for strengthening of the capital structure and liquidity profile.

### **Highly competitive and cyclical industry**

The steel bars industry is characterised by intense competition with the presence of large number of organised and unorganised players, coupled with low entry barriers and limited product differentiation. Producers of steel construction materials such as TMT bars operate as price-takers in the market, which keeps margins under pressure and restricts pricing flexibility. The industry's profitability is further exposed to volatility in raw material prices and finished steel rates. Additionally, being cyclical in nature, the steel sector is influenced by fluctuations in the general economy, global demand–supply dynamics, infrastructure spending, and changes in interest rates, which collectively impact the overall operating performance of industry participants.

### **Dependence on Demand from End-User Industries**

Demand for TMT bars is primarily derived from end-user industries such as real estate, construction, and infrastructure, making it inherently sensitive to economic cycles and investment trends in these sectors. Any slowdown in industrial activity, delay in infrastructure projects, or contraction in real estate development may adversely impact the sales volume and cash flows of the company. While established dealer networks and customer relationships help partly mitigate this risk, the company's growth prospects remain dependent on sustained momentum in infrastructure development and construction spending across the economy.

### **Key strengths**

#### **Experienced Promoters and Leadership**

The company benefits from the experience and industry knowledge of its promoters, who have a long-standing presence in the steel manufacturing sector. The promoter group comprises Mr. Saurabh Bansal and Mr. Vikas Swaroop, having over 30 years of experience in the steel and allied industries, supported by the next generation of promoters, Mr. Kush Swarup Bansal and Mr. Daksh Goel, who brings relevant academic backgrounds and exposure to modern business practices. The collective expertise of the management team in steel manufacturing, industrial operations, and project execution is expected to support the successful commissioning and future operations of the integrated steel plant.

#### **Favourable Location of Manufacturing Facility**

The company's manufacturing facility is located at Bhandur Village in Muzaffarnagar District, Uttar Pradesh, which offers logistical advantages due to its proximity to key industrial clusters along with approx. 100 KM distance from Delhi-NCR region. The location provides access to major road networks, facilitating smooth transportation of raw materials and finished products. The presence of established steel and allied industries in the region also ensures availability of skilled labour and supporting infrastructure, which is expected to aid efficient project implementation and operations once the plant becomes operational.

#### **Liquidity: Stretched**

The liquidity position remains stretched, reflected in low cash and bank balance of Rs. 1.11 crore as on March 31, 2025, and a moderate current ratio of ~1.00 projected for FY26. Although cash accruals are expected to improve from Rs. 3.07 crore in H1 FY26 to around Rs. 7.31 crore in FY26, same remain modest. No debt repayment is due during FY26 on account of principal moratorium, however from FY27 onwards, scheduled debt repayments remain tightly matched with the projected GCA. The company has infused unsecured loans of ~ Rs. 9.5 crore during FY25 & ~ Rs. 2.7 crore till H1FY26. Working capital utilisation is also high, with average utilisation of Rs. 40 crore for cash credit limit at 68.57% during June–September 2025, along with ~70-80% utilisation for LC and BG limits. Sustained improvement in accruals, efficient working capital management, and incremental cash generation from increased capacity utilisation will be critical for easing liquidity pressures.

## Applicable criteria

[Definition of Default](#)

[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

Swarup Steel Industries Private Limited (SSIPL) was incorporated on November 18, 2019, with the objective of setting up a project for manufacturing mild steel billets and TMT bars. The company is establishing an integrated steel plant at Bhandur Village, Muzaffarnagar District, Uttar Pradesh. The proposed facility includes induction furnaces, a continuous casting plant, and a rolling mill with a total installed capacity of 1,68,000 TPA of billets and 1,65,000 TPA of TMT bars. The total project cost of Rs. 184.36 crore is funded through a mix of term loan, promoters' contribution, and unsecured loans. The company is promoted by Mr. Saurabh Bansal, Mr. Vikas Swarup, Mr. Kush Swarup Bansal, and Mr. Daksh Goel, who collectively have extensive experience in the steel and allied industries.

Particular (₹ in crore)	March 31, 2024 (A)	March 31, 2025 (UA)	September 30, 2025 (UA)
Total operating income	0.00	0.00	73.90
PBILDT	-0.12	-0.09	6.70
PAT	0.07	0.07	0.21
Overall gearing (times)	0.35	1.65	-
Interest coverage (times)	NM	NM	-

A: Audited UA: Unaudited NM: Not Material; Note: 'the above results are latest financial results available'

**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		-	-	-	40.00	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	31-10-2032	110.00	CARE BB; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	10.00	CARE A4
Non-fund-based - ST-Letter of credit		-	-	-	10.00	CARE A4

**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	40.00	CARE BB; Stable				
2	Non-fund-based - ST-Letter of credit	ST	10.00	CARE A4				
3	Fund-based - LT-Term Loan	LT	110.00	CARE BB; Stable				
4	Non-fund-based - ST-Bank Guarantee	ST	10.00	CARE A4				

LT: Long term; ST: 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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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

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