Prakash Industries Limited

February 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	60.96 (Reduced from 95.10)	CARE BB+; Stable	Upgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of Prakash Industries Limited (PIL) considers improvement in operational performance of the company in FY25 (Audited) (refers to April 01 to March 31) and H1FY26 (Unaudited) (refers to April 01 to September 30) characterised by growth in scale of operations, supported by higher sales volumes, sustained profitability margins, and the commencement of commercial operations at Bhaskarpara coal mine in February 2025. The coal supplies from this mine are expected to provide additional stability to the company's integrated steel operations and support value chain with cost reductions. The rating continues to derive strength from the experienced promoters, despite their history of debt restructuring, the strategic location of the company's manufacturing plants, its comfortable capital structure, and satisfactory operating cycle. The rating takes cognisance of recent closure of the case related to the Syndicate Bank matter in January 2026. The rating also takes note of regular deposits being made toward foreign currency convertible bond (FCCB) obligations in accordance with the payment schedule set by the Delhi High Court, which remained unpaid due to non-furnishing of correct bank details by investors, as reported by the management and the statutory auditor. However, these strengths continue to remain constrained by the company's susceptibility to raw material price volatility and the competitive and cyclical nature of the steel industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- An improvement in sales volumes above 12 lakh tons and profit before interest, lease rentals, depreciation, and taxation (PBILDT) per tonne above ₹8,000 on a sustained basis.
- An improvement in quality of accounts pertaining to audit qualifications and resolving FCCB payment issue.
- Efficient management of working capital and availability of working capital limits at competitive rates resulting in improved liquidity position of the company.

Negative factors

- Decline in sales volumes below 8 lakh tons and PBILDT margin below 8% on a sustained basis.
- Any adverse outcome/impact of ongoing CBI case.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') opinion that PIL would continue to derive strength from its experienced promoters with long track record of operations and strategic location of its manufacturing plants.

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

Detailed description of key rating drivers:

Key weaknesses

Susceptibility to raw material price volatility

PIL's major raw materials are steel scrap, coal, iron ore, and alloys, prices of which are linked to the market and determined periodically. This exposes the company to raw material volatility, which may have a bearing on its profitability margins. This risk is partially mitigated as the company has a long-term contract for supply of coal with Coal India Limited at notified prices and expects stabilisation of operations in its Bhaskarpara coal mine unit in FY26 onwards for which commencement of commercial operations began in February 2025. The coal supplies from this mine will provide stability to the company's integrated steel operations and lead to overall raw material cost reductions. The company has captive iron ore mine at Sirkaguttu, Odisha, and procures iron ore through open market bases on its requirement. Going forward, company's ability to become self-sustainable in coal supplies through stabilisation of operations and effectively manage volatilities will remain key monitorable.

Cyclical and competitive nature of the industry

Steel sector has low entry exit barriers and thus has presence of many unorganised players catering to the local and regional demands. The metal industry moves closely with the business cycles including growth in the economy and seasonal changes in the demand-supply situations in the end-user segments. Majority players tend to benefit in the upside of the cycle as is the current market scenario.

Regular deposits towards FCCB obligations in accordance with payment schedule set by the Court

The company has been adhering to the payment schedule set by the Delhi High Court and is regularly depositing the scheduled instalments toward its FCCB obligations. A substantial portion of the amount directed by the court has already been deposited. The company had issued USD 60 million, 5.25% FCCBs with a tenor of five years on April 26, 2010, maturing on April 30, 2015, which were subsequently restructured. As of March 31, 2025, PIL had outstanding FCCBs of USD 11.15 million (equivalent to ₹93.04 crore). The company was unable to repay the coupon and principal amounts (not rated by CareEdge Ratings) to bondholders owing to the incorrect bank account details provided by the investors, as reported by the management and the statutory auditor. On April 10, 2024, the Delhi High Court directed PIL to deposit 20% of the amount on or before June 1, 2024, with the remaining 80% to be paid in 24 equated monthly instalments of ₹5.16 crore each, and annual interest of 8%. The company is accordingly depositing the amount with the Delhi High Court under protest, in line with the prescribed schedule. As on January 21, 2026, PIL has deposited ₹128.16 crore of the total ₹154 crore with the Office of the Registrar General. The Court has also sought the Reserve Bank of India's (RBI's) opinion regarding the remittance issue arising from the incorrect bank details provided by the bondholders to PIL.

Key strengths

Growth in scale of operations with sustained profitability margins

The company has reported growth of 9.20% in total operating income (TOI) to ₹4,014.35 crore in FY25, compared to ₹3,677.77 crore in FY24, considering improved demand despite sales realisation declining. The growth in scale was largely supported by volume growth in the company's products to 9.78 lakh metric tonne (PY: 8.55 lakh metric tonne) owing to healthy domestic demand. However, this growth was partially offset by a decline in average sales realisation from ₹42,934 per metric tonne (per MT) in FY24 to ₹41,047 per MT in FY25 due to continuous correction in steel prices in the year. The profitability margins remain sustained though slightly moderated with PBILDT margin moderated from 13.40% in FY24 to 12.94% in FY25, and profit after tax (PAT) from 9.16% in FY24 to 8.85% in FY25, due to a marginal increase in cost of raw material consumed. The company continuously receives coal linkages from Coal India Limited and obtains supplies of iron ore from its captive iron ore mine in Sirkaguttu, Odisha. With the commencement of operations at Bhaskarpara coal mine in February 2025, the coal supplies from this mine are expected to provide additional stability to the company's integrated steel operations and support cost reductions. In H1FY26 (UA), the company reported TOI to ₹1,771.94 crore with PBILDT margin of 13.99% and PAT margin of 8.69%. Going forward, profitability margins are expected to improve owing to cost reductions and increased efficiencies in plant operations.

Strategic location of manufacturing plants

PIL's steel manufacturing unit in Champa is strategically located in the vicinity of coal reserves, iron ore mines in Chhattisgarh and the Bhaskarpara commercial coal mine, facilitating economical transportation of raw material and finished goods. The coal supply from the Bhaskarpara coal mine is expected to result in substantial cost reductions and efficiencies in its plant operations. Moreover, the iron ore mine allocated at Sirkaguttu is also in vicinity of the plants, leading to lower freight cost. PIL also has an established distribution network to market its steel products in central and western regions.

Comfortable operating cycle

PIL has a comfortable operating cycle of 37 days in FY25, though elongated from 21 days in FY24, primarily due to an increase in average inventory holding period to 40 days (PY: 35 days). The rise in inventory days is attributable to inventory build-up in March 2025, driven by both the anticipation of an expected increase in steel prices and the commencement of the company's coal mine operations in February 2025, which resulted in higher raw material stocking. The collection period increased to 12 days in FY25 (PY: 9 days), while the creditor period reduced to 15 days in FY25 (PY: 22 days). PIL avails a credit period of 20-25 days from its suppliers and extends 20-30 days to its customers. Inventory holding remains one month as the company has a secured supply contract with Coal India Limited to supply coal and procures steel scrap directly from the market and sources iron ore from the Sirkaguttu mine.

Comfortable capital structure with strong net worth base

The company has a comfortable capital structure marked by a strong net worth base of ₹3,318.65 crore as on March 31, 2025 (PY: ₹3,023.75 crore). The increase in the net worth base was primarily due to accretion of profits. Overall gearing stood comfortable at 0.13x as on March 31, 2025 (PY: 0.12x), though the debt levels increased to ₹432.15 crore in FY25 from ₹362.28 crore in FY24, owing to infusion of ₹88.85 crore unsecured loans from promoter in FY25, to support CAPEX requirement of the company. The PBILDT interest coverage ratio improved to 11.21x in FY25, from 8.57x in FY24 due to lower finance cost. Total debt to gross cash accruals (TD/GCA) and total debt to PBILDT remained comfortable at 0.97x and 0.81x, respectively, as on March 31, 2025, compared to 0.72x and 0.74x, respectively, as on March 31, 2024.

Experienced promoters though have history of debt restructuring and closure of the Syndicate Bank-related case

PIL is presently being managed by Ved Prakash Agarwal (Chairman) with over four decades of experience in similar business and by Vikram Agarwal (Managing Director) with over two decades of experience into similar business. The company has a professional management team to support the smooth operations on day-to-day basis, though it has a history of debt restructuring in 1998 and 2017.

The Syndicate Bank-related case, arising from a 2014 CBI FIR alleging bribery, was quashed by the Delhi High Court on March 28, 2025. On January 7, 2026, the Supreme Court dismissed the CBI's Special Leave Petition (SLP), upheld the quashing of the FIR and related proceedings against PIL and its promoter. Accordingly, proceedings against the Company and its promoter now stand conclusively closed, with no further action or liability in this case.

Liquidity: Adequate

Liquidity is marked adequate by estimated cash accruals of ~₹485 crore against debt repayment obligations of ₹46.84 crore in FY26 and further aided by free cash and cash equivalents of ~₹21.21 crore as on December 31, 2025. PIL has comfortable capital structure with strong net worth base and overall gearing of 0.13x in FY25 (PY: 0.12x). PIL has comfortable, though slight elongated operating cycle of 37 days in FY25 (PY: 21 days). Current ratio stands at 1.00x as on March 31, 2025, improved from to 0.67x as on March 31, 2024.

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Policy on Default Recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Manufacturing Companies
Iron & Steel

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals and mining	Ferrous metals	Iron and steel

PIL was incorporated in July 1980 and started its operations as a polyvinyl chloride (PVC) pipe manufacturer in 1981, later diversifying into other products. The company is an integrated manufacturer of finished steel products using the direct reduction iron (DRI) route with manufacturing capacity of 1.20 million tonnes for sponge iron, 1.25 million tonnes for billets, and 1.10 million tonnes for finished steel. PIL also has a captive power plant of 245 MW. PIL has its manufacturing facilities in Champa (Chhattisgarh), Raipur (Chhattisgarh), and Muppandal (Tamil Nadu), with iron ore mine at Sirkaguttu (Odisha) and coal mine at Bhaskarpara (Chhattisgarh).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	3,677.77	4,014.35	1,760.24
PBILDT	492.64	519.52	246.19
PAT	336.85	355.45	152.97
Overall gearing (times)	0.12	0.13	0.10
Interest coverage (times)	8.57	11.21	11.72

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-Term Loan		-	-	31 August 2027	60.96	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-Term Loan	LT	60.96	CARE BB+; Stable	-	1)CARE BB; Stable (28-Feb-25)	1)CARE BB; Stable (05-Feb-24)	1)CARE BB; Stable (24-Jan-23) 2)CARE BB (RWD) (27-Dec-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-Term Loan	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.

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