



**Press Release**  
**VINAYAK TMT BARS PRIVATE LIMITED**  
**January 05, 2026**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	89.96	ACUITE BBB   Stable   Reaffirmed	-
Bank Loan Ratings	12.00	-	ACUITE A2   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	101.96	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating at '**ACUITE BBB**' (read as **ACUITE Triple B**) and the short-term rating at '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 101.96 Cr. bank facilities of Vinayak TMT Bars Private Limited (VTPL). The outlook is revised from '**Negative**' to '**Stable**'.

**Rationale for reaffirmation and outlook revision**

The rating reaffirmation and outlook revision takes into account the recovery in the operating profitability and financial risk profile of VTPL in FY2025, though operating revenue witnessed moderation. The rating also factors in the efficient working capital operations of the company. Further, the rating continues to draw comfort from the established track record of operations and its experienced management. However, the rating is constrained on account of volatility in profitability margins to fluctuations in realization prices and demand risks.

**About the Company**

Incorporated in 2008, Gujarat based, Vinayak TMT Bars Private Limited is engaged in manufacturing of TMT Bars and MS Billets with a total capacity of 3,00,000 MTPA. The company primarily caters to customers in real estate, industrial and infrastructure sector. VTPL sells its products under the brand name 'Vinayak 500' It is currently promoted by Mr. Karshanbhai Patel, Mr. Prakashbhai Karshanbhai Patel, Mr. Vasant Shivdasbhai Patel and Mr. Priyankumar Rajubhai Parikh.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of VTPL to arrive at this rating.

**Key Rating Drivers**

**Strengths**

Established track record of operations and experienced management

VTPL has an established track record in the iron and steel industry, supported by the extensive experience of its management team, which has been active in the sector for more than a decade. Before incorporating VTPL, the directors were engaged in diverse businesses including cold storage, ceramic manufacturing, building construction materials, and dyes and intermediates in Gujarat, which provided them with broad industrial exposure and strengthened their operational capabilities. This background has enabled the company to build long-standing relationships with clients and dealers, ensuring stability and repeat business.

Acuité believes that VTPL will continue to benefit from its experienced leadership, diversified business understanding and strong dealer network to maintain a competitive position in the iron and steel industry.

#### **Recovery in profitability despite subdued revenues**

In FY24, the operating margins declined to 0.04% (2.09% in FY23) leading to negative PAT, owing to the sharp decline in the realisation price of steel and inability to pass through the high cost procured raw material. However, in FY2025, despite lower operating revenue, the operating margin recovered and improved to 2.68 percent. Further, the company has reported a revenue of Rs. 463.06 Cr. for 7M FY2026 at a margin of 2.80 percent. Going forward, sustenance of profitability margins will be a key rating sensitivity.

#### **Moderate financial risk profile**

The financial risk profile of VTPL is marked by moderate network, low gearing and adequate debt coverage metrics. The tangible network stood at Rs. 89.32 Cr. on March 31, 2025 post profit accretion. The gearing improved significantly and stood below unity at 0.68 times in FY2025 from 1.01 times in FY2024 on account of decline in the overall debt levels of the company. The Debt-EBITDA declined to 2.57 times in FY2025 from its high of 21.96 times in FY2024, majorly on account of improvement in the EBITDA levels of the company. Further, the TOL/TNW levels also stood improved at 0.89 times in FY2025 as against 1.15 times in FY2024. The coverage indicators stand adequate above unity with interest coverage ratio (ICR) at 3.08 times and debt service coverage ratio (DSCR) at 1.46 times in FY2025.

The financial risk profile is expected to remain on similar levels, on account of no debt funded capex plans over the medium term.

#### **Efficient working capital operations**

The efficient operations of VTPL are marked by low gross current assets (GCA) of 38 days in FY2025. The inventory days stood at 18 day and receivable period stood at 15 days in FY2025 as against 13 days and 15 days respectively in FY2024. The creditor days stood at 5 days in FY2025 as against 4 days in the previous year.

The operations of the company are expected to remain efficient over the medium term.

#### **Weaknesses**

##### **Intense competition and inherent cyclicity in the steel industry**

The company is operating in competitive and fragmented nature of industry in steel producing industry. There are several players who are engaged in the manufacturing business in organized and unorganized sector. Moreover, the profit margins and sales of the company remain exposed to inherent cyclicity in the steel industry which led to decline in the FY2025 revenue by ~14 percent to Rs. 835.18 Cr. from Rs. 972.24 Cr. in FY2024, due to downtrend in realization prices and decline in the sales volumes owing to subdued demand.

##### **Susceptibility of profitability to volatility in raw material and realization prices**

The profitability of the domestic steel industry remains highly vulnerable to fluctuations in raw material costs and realization prices. Steel producers are significantly dependent on the availability and pricing of key inputs such as iron ore, coking coal, and scrap, much of which is imported and exposed to global commodity cycles and currency movements. Any sharp increase in input costs without a corresponding rise in steel prices directly compresses margins, while sudden declines in realization prices can erode profitability even when production volumes remain stable. Seasonal demand patterns, government infrastructure spending, and

international trade dynamics further add to volatility, making it challenging for companies to maintain profitability margins.

### **Rating Sensitivities**

- Improvement in revenue and profitability levels
- Maintenance of efficient working capital operation
- Deterioration in financial risk profile leading to stretch in liquidity position

### **Liquidity Position**

#### **Adequate**

The company generated sufficient net cash flows (NCAs) of Rs. 12.11 Cr. against their maturing obligations of Rs. 5.86 Cr. in FY2025. Going forward, VTPL is expected to generate NCAs in the range of Rs. 16 – 18 Cr. against repayments of Rs. 6 – 10 Cr. in FY2026 and FY2027. The current ratio stood healthy at 2.36 times on March 31, 2025. The company had an unencumbered cash and bank balance of Rs. 1.74 Cr. on March 31, 2025. Further, the average bank limit utilization stood low at 57.43 percent for the last twelve months ended October 2025, providing sufficient cushion in the form of undrawn limits.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	835.18	972.24
PAT	Rs. Cr.	2.10	(8.13)
PAT Margin	(%)	0.25	(0.84)
Total Debt/Tangible Net Worth	Times	0.68	1.01
PBDIT/Interest	Times	3.08	0.72

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Oct 2024	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	32.00	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	1.51	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	9.51	ACUITE BBB   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	4.94	ACUITE BBB   Negative (Reaffirmed)
	Term Loan	Long Term	32.49	ACUITE BBB   Negative (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.10	ACUITE BBB   Negative (Assigned)
	Covid Emergency Line.	Long Term	9.41	ACUITE BBB   Negative (Assigned)
19 Aug 2023	Bank Guarantee/Letter of Guarantee	Short Term	12.00	ACUITE A2 (Reaffirmed)
	Cash Credit	Long Term	32.00	ACUITE BBB   Stable (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	5.06	ACUITE BBB   Stable (Downgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	9.51	ACUITE BBB   Stable (Downgraded from ACUITE BBB+   Stable)
	Proposed Long Term Bank Facility	Long Term	1.39	ACUITE BBB   Stable (Downgraded from ACUITE BBB+   Stable)
06 Jun 2022	Bank Guarantee/Letter of Guarantee	Short Term	7.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee/Letter of Guarantee	Short Term	5.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	7.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Cash Credit	Long Term	25.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Term Loan	Long Term	1.33	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Term Loan	Long Term	1.33	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Term Loan	Long Term	0.30	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Term Loan	Long Term	10.67	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
	Proposed Long Term Bank Facility	Long Term	2.33	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A2   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE BBB   Stable   Reaffirmed   Negative to Stable
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	01 May 2026	5.60	Simple	ACUITE BBB   Stable   Reaffirmed   Negative to Stable
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.03	Simple	ACUITE BBB   Stable   Reaffirmed   Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Apr 2030	32.33	Simple	ACUITE BBB   Stable   Reaffirmed   Negative to Stable

## Contacts

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### About Acuité Ratings & Research

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