



Press Release
BALMUKUND CONCAST PRIVATE LIMITED
April 18, 2025
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	32.30	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	55.70	ACUITE BBB+ Stable Upgraded	-
Bank Loan Ratings	12.00	-	ACUITE A2 Upgraded
Total Outstanding Quantum (Rs. Cr)	100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to '**ACUITE BBB+**' (read as **ACUITE triple B plus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) and short term rating to '**ACUITE A2**' (read as **ACUITE A two**) from '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.67.70 Cr. bank facilities of Balmukund Concast Private Limited (BCPL). The outlook is "**Stable**".

Acuite has assigned the long term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on Rs.32.30 Cr. bank facilities of Balmukund Concast Private Limited. The outlook is "**Stable**".

Rationale for upgrade

The rating takes into account improving business dynamics coupled with an efficient working capital management, strong distribution network across Bihar and increasing installed capacity owing to high demand for their products. The company has increased its revenues from Rs.538.73 Cr. in FY22 to Rs.761.01 Cr. in FY2024 with a CAGR of 9.05% with improvement in working capital cycle and liquidity profile as can be seen from increasing net cash accruals and prepayment of loans. Despite moderation in steel prices the company has been able to achieve higher margins and revenues – based on volumes indicating strong demand of their products. The company has efficient working capital management as is evident from its GCA of 45 days in FY24 (PY 42 days). Debt protection metrics are robust with ICR and DSCR of 8.31 times and 2.93 times respectively for FY24. These strengths are, however, partly offset by cyclical nature of the steel industry and the volatility in commodity prices.

About the Company

Incorporated in 1995, Balmukund Concast Private Limited (BCPL) is the flagship company of the Balmukund group currently managed under the directorship of Mr. Rajeev Kumar Kanodia and Mr. Ajay Jhunjhunwala. The company is engaged in manufacturing of thermomechanically treated (TMT) bars under the brand name of 'Balmukund Diamond' with an installed capacity of 150,000 MTPA and 108,000 MTPA of MS Billet respectively. The company has its manufacturing facility located at Patna, Bihar.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken the standalone view of the business and financial risk profile of BCPL to arrive at the rating.
Earlier Acuite had taken consolidation approach with its group entity- BRGD Sponge & iron Pvt Ltd, but has

changed the approach due to delinking of operational and financial fungibility with them and absence of data for the latter entity.

Key Rating Drivers

Strengths

Long track record of operation and experienced management

The company has a long execution track record of 25 years in the iron and steel industry and is one of the leaders in the Bihar and Jharkhand market. The promoter of the company Mr. Rajeev Kumar Kanodia and Mr. Sanjeev Kanodia possesses more than two decades of experience in the iron and steel industry. The company has a long presence in this sector and has established a healthy relationship with customers for more than a decade.

Improvement in margins albeit moderation in revenues

The revenue of the company witnessed a -1.07% de-growth in FY2024 and stood at Rs. 761.01 Cr. as compared to Rs. 769.21 Cr. in FY2023. Revenues have fallen owing to lower realization however volumes have increased. The realization in rolled products had increased in FY2022 which witnessed corrections in H2FY2023, and the aftereffects have plunged in FY2024. Due to decline of prices for rolled product globally, there has been overall sluggish growth in the revenue during FY2024. The company has booked around Rs.552.13 crore of sales till 9MFY2025(Prov) in BCPL. Going forward, Acuite believes that revenue of the company will maintain a healthy level owing to high demand for their products and increase in installed capacity.

Proximity to raw material sources

By the virtue of the manufacturing facility being located close to SAIL, Rungta Mines from where they procure sponge iron offer easy availability of the raw material. These also help the company to maintain minimum level of inventory due to availability of sufficient raw material.

Healthy financial risk profile

The tangible net worth of the company stood at Rs.102.64 Cr. as on March 31, 2024 as compared to Rs.84.67 Cr. as on March 31, 2023 due to accretion to reserves. The gearing of the company stood modest at 0.50 times as on 31 March, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.74 times as on March 31, 2024 as compared to 0.97 times as on March 31, 2023, due to reduction in debt. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 8.31 times and debt service coverage ratio (DSCR) of 2.93 times for FY2024, due to improvement in EBITDA and reduction in debt. The net cash accruals to total debt (NCA/TD) stood healthy at 0.43 times in FY2024. Acuite believes that the financial risk profile of the Company is expected to remain healthy over the medium term.

Efficient Working Capital management

he working capital management of the company is efficient marked by Gross Current Assets (GCA) of 45 days for FY2024 as compared to 42 days for FY2023. The inventory days of the company stood at 20 days in FY2024 as compared to 18 days in FY2023. Due to sufficient levels of raw materials available the company doesn't require to hold high level of inventories. The debtor days stood at 18 days in FY2024 due to efficient collection mechanism. Days payable outstanding stood at 7 days in FY24. Payment to suppliers is usually on advance and range between 7-8 days for few suppliers. Acuite believes that the working capital management of the Company is expected remain efficient over the medium term.

Weaknesses

Future capital expenditures planned

The company plans to increase its installed capacity to 1,80,000 MTPA in FY26 and 2,40,000 MTPA in FY27 and has planned capital expenditure of Rs.20-40crs for the same. Increase in production capacity is on account of increased demand for TMT in Bihar where the company has been consistently increasing its market share. Acuite is of the opinion that increase in capacity should commensurate to rise in demand, however any systematic risk affecting the business risk profile of the company will remain a key monitorable.

Intense competition and inherent cyclicity in the steel industry

The company is operating in a competitive and fragmented nature of industry due to the presence of many unorganized players on account of low entry barriers. Moreover, demand for steel products predominantly depends on the construction and infrastructure sectors. Thus, the profit margins and sales of the company remains exposed to inherent cyclicity in these sectors.

Rating Sensitivities

- Improvement in revenue while improving profitability
- Sustenance of the capital structure
- Timely completion of the capex

Liquidity Position

Adequate

The company has adequate liquidity marked by adequate net cash accruals of Rs. 21.99 Cr. as on March 31, 2024 as against Rs. 4.97 Cr. long term debt obligations over the same period. The company has also pre-paid term loans taken for capex all from reserves. The current ratio of the company stood comfortable at 1.50 times in FY2024. The cash and bank balance stood at Rs.2.53Cr. for FY2024. Further, the working capital management of the company is moderate marked by Gross Current Assets (GCA) of 45 days for FY2024 as compared to 42 days for FY2023. High GCA days are due to higher other current assets in the form of advance to suppliers of Rs.11.81crs for FY2024 and non-current assts for advance against property. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of comfortable cash accruals which is likely to be sufficient to cover any obligations arising from debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	761.01	769.21
PAT	Rs. Cr.	17.96	13.25
PAT Margin	(%)	2.36	1.72
Total Debt/Tangible Net Worth	Times	0.50	0.82
PBDIT/Interest	Times	8.31	8.05

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

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Mar 2024	Letter of Credit	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	28.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.46	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	5.07	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.17	ACUITE BBB Stable (Reaffirmed)
06 Jan 2023	Letter of Credit	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	21.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	7.70	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	7.00	ACUITE BBB Stable (Reaffirmed)
05 Jan 2022	Letter of Credit	Short Term	12.00	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	7.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	7.70	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	21.00	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.70	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BBB)
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.30	Simple	ACUITE BBB+ Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A2 Upgraded (from ACUITE A3+)
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	05 Dec 2024	Not avl. / Not appl.	30 Jun 2031	10.00	Simple	ACUITE BBB+ Stable Assigned

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About Acuité Ratings & Research

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