

Press Release
VASWANI INDUSTRIES LIMITED
January 06, 2026
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	284.00	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	65.00	-	ACUITE A3+ Assigned
Total Outstanding Quantum (Rs. Cr)	349.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating to 'ACUITE BBB' (read as ACUITE Triple B) and the short-term rating to 'ACUITE A3+' (read as ACUITE A three plus) on the Rs.349.00 Cr. bank facilities of Vaswani Industries Limited (VIL). The outlook is 'Stable'.

Rationale for rating assigned

The rating assigned reflects the company's semi-integrated operations and the promoters' extensive experience of nearly two decades in the iron and steel industry. It also factors the growth in scale of operations in FY25 and the anticipated improvement in performance following recent capital expenditure undertaken in FY26 to expand billet manufacturing capacity and establish a 66 MW solar power plant. Further, it factors the moderately intensive working capital operations of the company.

However, the rating remains constrained by leveraged capital structure and moderate debt protection metrics owing to debt funded capex, improvement in which shall be a key rating monitorable over the medium term. The company is also exposed to the inherent cyclical nature of the steel sector, and its presence in a highly fragmented industry with limited bargaining power.

About the Company

Established in 2003, Vaswani Industries Limited (VIL) is a Raipur, Chhattisgarh based public limited company engaged in manufacturing of sponge iron and billets with an installed capacity of 90,000 and 1,50,000 MTPA respectively (increased from 66,000 MTPA in FY26). In addition, the company runs a 11.5 MW inhouse captive power plant and has further established a 66 MW solar facility in FY26. The current directors of the company are Mr. Yashwant Vaswani, Mr. Satya Narayan Gupta and Mr. Pawan Kumar Jha.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of the VIL to arrive at the rating

Strengths

Semi-integrated operations with long track record of operations and experienced promoters

The company has a track record of over two decades in sponge iron and billet manufacturing industry with an installed capacity of 90,000 MTPA and 150,000 MTPA respectively (increased from 66,000 MTPA w.e.f October 2025). In addition, it has commissioned a 66 MW solar power plant to meet its energy requirements in the manufacturing process.

The company is promoted by Mr. Ravi Vaswani who has business experience of more than three decades in the steel industry. Currently, Mr. Kushal Vaswani looks after the day-to-day operations of the company. The company is ably supported by a strong and experienced line of mid-level managers.

Acuite believes the vast experience of the promoter has enabled the company to build strong relationship with customers as well as suppliers, resulting in continued order flow from customers.

Growing scale of operations and improving margins

Over the past two years, the company has undertaken capital expenditure of approximately Rs. 310 crore to enhance its billet manufacturing capacity to 150,000 MTPA. In addition, it has commissioned a solar power plant with a total capacity of 66 MW, which is expected to significantly reduce power costs and improve operating margins.

In FY25, the company reported operating income of Rs.411.96 crore, up from Rs.389.39 crore in FY24. This growth was primarily driven by higher billet sales volumes and increased trading activity, though partially offset by lower realizations. EBITDA margins also improved to 6.63% in FY25 compared to 5.71% in FY24.

Going ahead, operating income and margins are expected to strengthen further with the commissioning of the expanded billet capacity and the solar plant, both of which will substantially reduce power expenses and enhance profitability.

Moderately intensive working capital operations

The company has an moderately intensive working capital cycle as reflected from gross current assets (GCA days) of 122 days in FY25 as against 83 days in FY2024, which is marked by higher inventory days and other current assets, majorly consists of advances to suppliers. The inventory days stood at 63 days in FY25 as against 46 days in FY2024, which are usually adjusted in responses to the fluctuations in market prices. However, the debtor days stood healthy at 7 days in FY25 as against 17 days in FY24. The group offers credit terms to its customers ranging from 7 to 10 days and depending upon the nature of the relationship with each party and market demand. The creditor days also increased to 47 days in FY25 as compared to 23 days in FY24.

Weaknesses

Leveraged capital structure driven by debt funded capex

While the networth of the company is improving on a y-o-y basis (Rs.139.71 Cr. as on March 31, 2025 as compared to Rs. 123.72 Cr. as on March 31, 2024) owing to profit accretions and equity infusions towards capex, however, the increase in debt levels towards billet capex and solar project has elevated the gearing levels to 1.05 times as on March 31, 2025, as against 0.19 times as on March 31, 2024. Further, the balance debt disbursement in FY26 towards the capex is further expected to moderate the gearing over medium term. The total debt of the company has increased to Rs.265.84 Cr as on September 30, 2025 as against Rs.146.37 Cr as on March 31, 2025, and Rs. 23.15 Cr. as on March 31, 2024. Further, while the debt protection metrics stood comfortable with interest coverage ratio of 3.2 times in FY25 and debt service coverage ratio of 2.1 times in FY25, however, with increase in debt levels in FY26, moderate decline is also expected in these indicators in the near term. The same is however expected to improve over the medium term with increase in cash accruals which remains a key rating monitorable.

Inherent cyclical nature of the steel industry

The company's performance remains vulnerable to cyclical in the steel sector given the close linkage between the demand for steel products, domestic and global economy. The end-user segments such as real estate, civil construction and engineering also display cyclical. Further, operating margins are also vulnerable to volatility in the input prices

(sponge iron, iron ore and coal) as well as realisation from finished goods. The prices and supply of the main raw material, sponge iron, directly impacts the realisations of finished goods.

Any significant reduction in the demand and prices adversely impacting the operating margins and cash accruals of the group will remain a key monitorable.

Presence in highly fragmented industry with low bargaining power

The iron and steel industry is highly fragmented and competitive with the presence of large number of organized and unorganized players. Intense industry competition coupled with commoditized nature of the products limits the company's pricing flexibility and bargaining power.

Rating Sensitivities

- Higher than expected debt levels leading to deterioration in the financial risk profile
- Stabilisation of operations for the enhanced billet capacity leading to an improvement in the net cash accruals
- Any stretch in working capital operations affecting the liquidity

Liquidity Position

Adequate

The liquidity position of the company is adequate as reflected by sufficient net cash accruals of Rs.16.24 Cr in FY2025 as against the long-term debt repayment of Rs.1.99 Cr during the same period. Further the company is expected to generate sufficient NCA in the range of Rs.20-30 crores as against higher repayment obligations of around Rs.15 to 21 crores over the next 2 years. The current ratio stood moderate at 1.32 times in FY25 as against 2.05 times in FY2024. It had a cash and cash equivalents of Rs.25.77 Cr as on March 31, 2025. However, the fund-based limit stood highly utilized at ~87.74 per cent over six months ended November 2025.

Acuite believes that going forward the company will maintain adequate liquidity position on account of steady accruals against debt repayment.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	411.96	389.39
PAT	Rs. Cr.	8.60	9.03
PAT Margin	(%)	2.09	2.32
Total Debt/Tangible Net Worth	Times	1.05	0.19
PBDIT/Interest	Times	3.20	3.09

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

None

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
02 Nov 2023	Letter of Credit	Short Term	11.00	ACUITE A4+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Letter of Credit	Short Term	12.00	ACUITE A4+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Stand By Line of Credit	Long Term	4.95	ACUITE BB+ (Reaffirmed & Withdrawn & Issuer not co-operating*)
	Cash Credit	Long Term	7.00	ACUITE Not Applicable (Withdrawn)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE Not Applicable (Withdrawn)
	Letter of Credit	Short Term	5.00	ACUITE Not Applicable (Withdrawn)
18 Oct 2023	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	12.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	5.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Letter of Credit	Short Term	11.00	ACUITE A4+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Stand By Line of Credit	Long Term	4.95	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	7.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
06 Oct 2023	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Letter of Credit	Short Term	12.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Letter of Credit	Short Term	5.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Letter of Credit	Short Term	11.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Cash Credit	Long Term	18.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Stand By Line of Credit	Long Term	4.95	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB- Stable)
		Long		ACUITE BB+ (Downgraded & Issuer not co-

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 (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A3+ Assigned
H D F C Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3+ Assigned
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE BBB Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	33.00	Simple	ACUITE BBB Stable Assigned
Union Bank of India	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
Union Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A3+ Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE A3+ Assigned
H D F C Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3+ Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE BBB Stable Assigned
Indian Renewable Energy Development Agency Ltd. (IREDA)	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2037	85.20	Simple	ACUITE BBB Stable Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2038	96.80	Simple	ACUITE BBB Stable Assigned
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2032	40.00	Simple	ACUITE BBB Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Dec 2027	1.75	Simple	ACUITE BBB Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Parth Patel Senior Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

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