



Press Release
CHANDI STEEL INDUSTRIES LIMITED
July 17, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	25.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	25.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs.25.00 Cr. bank facilities of Chandi Steel Industries Limited (CSIL). The outlook is '**Stable**'.

Rationale for Rating

The rating reaffirmation considers moderation in operating performance marked by subdued revenue and profitability growth. The rating factors in long operational track record and experienced management. The rating also factors in the healthy financial risk profile, moderate working capital management and adequate liquidity position. However, the rating is constrained by customer concentration risk and the susceptibility of profitability to fluctuations in raw material prices, forex risk in a competitive industry.

About the Company

Chandi Steel Industries Limited (CSIL) was incorporated in 1978, and subsequently the company was listed on Calcutta Stock Exchange in November 2003. The company manufactures various Alloy & Non-Alloy Steel bar and Cathode Bar (Copper & Non-Copper), with an installed capacity of manufacturing 60000 MTPA. Further the company has its rerolling plant located at Liluah in Howrah district, West Bengal. The company also has an established link with few reputed customers which includes Vedanta Ltd, Hindalco Industries Ltd and Bharat Aluminium Co. Ltd. The Directors of the company are Mr. Devendra Prasad Jajodia and Mr. Harsh Jajodia.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Chandi Steel Industries Limited (CSIL) to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations-

Chandi Steel Industries Limited (CSIL), incorporated in 1978, is managed by Mr. Devendra Prasad Jajodia and Mr. Harsh Jajodia and a team of experienced personnel. The company is engaged in manufacturing of Cathode Collector Bar, Anode Bar, Copper Inserted Cathode Bar Assembly, Anode Stub and Grinding Media Rod for the aluminium industry. The directors possess over two decades of experience in this line of business. The long-standing experience of the promoter and long track record of operations has helped the company to establish comfortable relationships with key suppliers and customers. The company's clientele includes well-established players such as Emirates Global Aluminium, Vedanta Ltd, Hindalco Industries Ltd, Aluminium Bahrain B.S.C., and Bharat Aluminium Co. Ltd. to name a few. Acuite believes, the company will benefit from the extensive experience of the promoters in maintaining long standing relations with suppliers and customers.

Healthy Financial Risk Profile

The financial risk profile of the company continues to remain healthy, marked by strengthening net worth, low gearing and strong debt protection metrics. The net worth of the company grew to Rs. 208.79 Cr. as on March 31, 2025 as compared to Rs. 176.05 Cr. as on March 31, 2024. This improvement in net worth is mainly due to the retention of profits. Further, the gearing level improved to 0.01 times as of March 31, 2025, compared to 0.06 times as of March 31, 2024. The debt protection metrics are strong, with the debt service coverage ratio (DSCR)

of 5.03 times in FY 2025, compared to 8.35 times in the previous year. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.26 times as of March 31, 2025, compared to 0.46 times as of March 31, 2024. The Net Cash Accruals to Total Debt (NCA/TD) stood at 19.40 times in FY 2025, compared to 6.22 times in the previous year. Acuite believes the financial risk profile of the company is likely to remain healthy on account of expected steady net cash accruals and absence of any major debt-funded capex over the near term.

Moderate Working capital management -

The working capital operations of the company remained moderately intensive marked by a GCA of 131 days in FY2025, compared to 140 days in FY2024. The debtor collection improved marginally and stood at 27 days in FY2025, compared to 31 days in FY2024. The average collection period is around 30- 60 days. The inventory days for the company stood at 74 days in FY2025, compared to 66 days in FY2024. Additionally, the creditor days stood at 41 days in FY2025, compared to 40 days in the previous year. The average credit period is around 30 - 45 days. CSIL avails need based working capital limits against fixed deposits. Acuite believes that the working capital operations of the company will continue to remain moderately intensive over the medium term.

Weaknesses

Moderation in Operating Performance

CSIL's operating income declined marginally to Rs. 542.25 Cr. in FY2025 from Rs. 568.59 Cr. in FY2024. The reduction was primarily driven by softer demand in key end-user sectors, heightened competition from lower-priced imports, and a moderation in price realizations. The operating margin decreased to 9.71 per cent in FY25 from 15.34 per cent in FY24, while the PAT margin declined to 6.05 per cent from 10.42 per cent. This contraction was largely due to higher raw material costs, particularly copper, along with increased production and logistics expenses. Additionally, the decline in PAT was influenced by a marginal rise in interest costs, primarily attributable to foreign bank charges. In contrast, FY24 benefited from lower input costs and more favourable pricing conditions, contributing to stronger margins. Acuite believes that the company's ability to consistently improve its scale of operations along with the profitability margins will remain a key rating sensitivity.

Customer concentration risk

The company faces moderate customer concentration risk with the top 5 customers collectively account for approximately 72 per cent of the total revenue, indicating a notable concentration of revenue among a limited number of clients. Further, of which Top 3 clients namely Emirates Global, Vedanta Limited and Hindalco Industries Limited. constitutes for around 55 per cent of the revenue., highlighting a significant dependency on a few key customers and thus posing a customer concentration risk. However, the same is largely mitigated as company is having long standing relations with its customers along with the tailor-made product manufactured by the company as per the specification provided by the client. Any changes in the financial and business risk profile of these key customers can impact the credit profile of CSIL. Acuite believes ability of the company to maintain healthy relations with its customers while improving the business and financial risk profile would remain as a key rating sensitivity.

Susceptibility of profitability to fluctuations in the raw material prices, forex risk in a competitive industry

The major raw material of the company is copper and steel. The company's performance remains vulnerable to cyclical in the copper and steel prices as demand for steel and copper depends on the performance of the end user segments. The company operates in a highly competitive and fragmented industry characterised by low entry barriers, which results in intense competition from the large number of organised and unorganised players present in the downstream segment providing similar products and services. Hence, the bargaining power of the company remains low due to the competitive nature of the industry. Any volatility in the prices of the raw materials has a direct impact on the profitability margins of the company.

Rating Sensitivities

- Sustain Improvement in scale of operation while improving the profitability margin.
- Deterioration in working capital cycle
- Deterioration in financial risk profile
- Ability to manage and mitigate customer Concentration risk

Liquidity Position **Adequate**

The company's liquidity position is adequate, marked by generation of sufficient net cash accruals of Rs. 36.37 Cr. in FY2025 as against its maturity debt obligations of Rs. 1.15 Cr. during the same tenure. In addition, it is expected to generate sufficient cash accruals in the range of Rs. 38.52 – 40.81 Cr. as against its maturing repayment obligations of around Rs. 1.23 Cr. over the medium term. The current ratio stood at 3.62 times as on 31st March 2025 as against 2.74 times as on 31st March 2024. The cash and bank balance for FY25 stood at Rs. 1.11 Cr. The

company has fixed deposits of ~Rs. 27 Cr. against which CSIL avails working capital limits as and when required. Acuité believes that the liquidity position of the company will remain adequate, supported by steady cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	542.25	568.59
PAT	Rs. Cr.	32.81	59.23
PAT Margin	(%)	6.05	10.42
Total Debt/Tangible Net Worth	Times	0.01	0.06
PBDIT/Interest	Times	7.39	13.01

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
09 May 2024	Proposed Cash Credit	Long Term	25.00	ACUITE A- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A- Stable Reaffirmed

Contacts

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

About Acuité Ratings & Research

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