



Press Release
VARDHMAN ISPAT UDYOG
October 06, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	215.00	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	215.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.215 Cr. bank facilities of Vardhman Ispat Udyog (VIU). The Outlook is '**Stable**'.

Rationale for Rating

The rating assigned reflects the established track record of operations and extensive industry experience of the management for more than two decades. The rating drives additional comfort as the firm is manufacturing 'Kamdhenu TMT' keeping in line with technology and quality control standards under the franchisee model since 2019; prior to that the firm was entirely into trading segment. This diversification mitigates reliance on a single revenue stream and strengthens its position especially in North India. The rating also factors the improving scale of operations & profitability margins deriving from higher sales volume, efficient working capital operations and adequate liquidity profile of the firm. However, the above strengths are partly balanced by moderate financial risk profile and susceptibility of profitability margins due to volatility in raw material prices.

About the Company

Founded in 2005, M/s Vardhman Ispat Udyog (VIU) began as a trader of Kamdhenu TMT Bars in Punjab. The firm has a robust dealer network of over 250 in the state. Later, in fiscal year 2018-19, the firm strategically expanded its operations by commissioning a manufacturing unit in Himachal Pradesh for manufacturing Kamdhenu TMT, which has enhanced its business model to include both manufacturing and distribution. The partners of the firm are Mr. Pradeep Kumar Garg, Mr. Subodh Kumar Singla and Mr. Sunal Singla.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business & financial risk profile of Vardhman Ispat Udyog (VIU).

Key Rating Drivers

Strengths

Experienced Management & Strategic steps on Cost Optimization

The firm is managed by three experienced individuals as Mr. Pradeep Kumar Garg, Mr. Subodh Kumar Singla and Mr. Sunal Singla having actively involved in the business since

2005. Their experience helps the firm for strategic direction and day-to-day operations

effectively. Acuite notes that the firm has undertaken Rs. 11.5 Cr. of capital expenditure for strategic operational improvements in FY 24-25. The primary project involved upgrading one of its boiler furnaces (from 4 MW to 6.5 MW), which will increase the firm's TMT manufacturing capacity by 15% from FY 26. Additionally, the company has commissioned a 1.5 MW solar power plant to reduce dependency on grid power, thereby leading to significant savings in power costs from FY 26 onwards. This investment was initially funded by internal accruals and subsequently reimbursed by the bank, indicating a robust liquidity position and effective project financing. The firm has no major capex plans in near future.

Improving Scale of Operations & Profitability

The revenue from the operations of the firm has improved by 24.04%, thereby increasing the topline from Rs. 816.91 Cr. in FY 2024 to Rs. 1013.28 Cr. in FY 2025 (Prov.). The improvement in revenue is mainly due to higher volume units sold in FY 25 against FY 24. However, the average price realization declined due to decline in raw material procurement prices in FY 25 against FY 24. The operating profit (EBITDA) of the firm improved from Rs. 26.57 Cr. in FY 24 to Rs. 35.82 Cr. in FY 25 (Prov.). The operating margin of the firm improved by 28 bps which stood at 3.53% in FY 25 (prov.) against 3.25% in FY 24. The Net margin slightly improved & stood at 1.33% in FY 25 (prov.) against 1.32% in FY 24. Acuite believes that the scale of operations & profitability will improve in near to medium term on the account of better volume sold.

Efficient working capital operations

The working capital operations of the firm is efficient marked by Gross Current Assets (GCA) of 91 days for FY 25 (Prov.) improved against 100 days for FY 24. The inventory holding and debtor days stood at 10 and 55 days for FY 25 (prov.) improved against 23 and 62 days for FY 24 respectively. The creditor days stood low at 3 day for FY 25 (prov.) indicates timely repayment of operational creditors. Acuite believes the working capital operations of the firm will remain at same level in near to medium term due to nature of operations as mix of trading & manufacturing.

Weaknesses

Moderate Financial Risk Profile

The firm's financial risk profile is moderate marked by net worth, gearing and debt protection metrics. The tangible net worth of the firm improved & stood at Rs. 77.43 Cr. as on March 31, 2025 (prov.), against Rs. 50.82 Cr. as on March 31, 2024. The improvement in net worth is mainly due to accumulation of profits into reserves and treatment of unsecured loans as quasi equity. The Gearing ratio of the firm improved & stood at 2.57 times for FY 25 (prov.) against 4.17 times for FY 2024. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved and stood at 2.75 times for FY 25 (prov.) against 4.85 times for FY 24. The debt protection metrics of the firm marked by ISCR & DSCR which stood at 1.96 & 1.26 times respectively for FY 25 (Prov.). The ROCE of the firm stood at 12.07% in FY 25 (prov.).

Acuité believes that since the business model of the firm is a mix of trading & manufacturing, the high requirement of working capital and external debt for expansion will always remain for the business. Hence, the financial risk profile will remain moderate in near to medium term due to nature of operations.

Susceptibility to volatility in raw material prices and cyclicalities inherent in the steel industry

The firm's performance remains vulnerable to cyclicalities in the steel sector given the close linkage between the demand for steel products and the domestic and global economies. The end-user segments such as real estate, civil construction, and engineering also display cyclicalities. The steel industry is sensitive to the shifting business cycles, including changes in the general economy and seasonal changes in the demand and supply conditions in the market. The prices and supply of the main raw material, sponge iron, directly impact the realisation of finished goods. Any significant reduction in demand and prices adversely impacting the operating margins and cash accruals of the firm will remain a key monitorable.

Rating Sensitivities

- Movement in scale of operations and profitability margins
- Elongation in the financial risk profile

Liquidity Position

Adequate

The liquidity profile of the firm is adequate marked by generating net cash accruals of Rs. 18.22 Cr. in FY 25 (prov.) against the maturing debt obligations of Rs. 10.60 Cr. for the same year. The firm has a cash & bank balance of Rs. 5.17 Cr. as on 31st March 2025 (prov.). The current ratio of the firm is 1.53 times for FY 25 (prov.). The average fund-based utilization for last twelve months ending August 2025 is 72%. Acuite believes, the liquidity of the firm is expected to improve in near to medium term with steady cash accruals indicating availability of funds for any future endeavours.

Outlook - Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1013.28	816.91
PAT	Rs. Cr.	13.47	10.80
PAT Margin	(%)	1.33	1.32
Total Debt/Tangible Net Worth	Times	2.57	4.17
PBDIT/Interest	Times	1.96	2.03

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>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History :

Not Applicable.

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	112.00	Simple	ACUITE BBB- Stable Assigned
Kotak Mahindra Bank	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
Axis Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2028	5.10	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	07 Aug 2027	7.90	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	07 Jul 2028	4.30	Simple	ACUITE BBB- Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.30	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Sep 2031	9.70	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	07 Oct 2025	0.70	Simple	ACUITE BBB- Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Stable Assigned

Contacts

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

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.