



## Press Release

### Shree Ramdev Metalex LLP

April 24, 2025

#### Ratings

Instrument/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term fund-based facility – Cash Credit	12.00	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable Outlook (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	<a href="#">simple</a>
Short term non-fund-based facility – Letter of Credit	12.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	<a href="#">simple</a>
Long term/ Short term non-fund-based facility – Letter of Credit	52.00	IVR BBB-/ Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	IVR BBB-/ Stable / IVR A3 (IVR Triple B Minus with Stable Outlook / IVR A Three)	Rating Reaffirmed	<a href="#">simple</a>
<b>Total</b>	<b>76.00 (Rupees Seventy-six crore only)</b>				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics has reaffirmed the ratings previously assigned to the bank facilities of Shree Ramdev Metalex LLP (SRMLLP) due to steadily increasing scale of operations and sustenance of profitability margins over FY24 and FY25 (refers to the period from 1<sup>st</sup> April to 31<sup>st</sup> March). The rating are further supported by the company's low risk business model and established market presence backed by extensive experience of the partners. The ratings are constrained by highly fragmented and competitive nature of the steel industry, moderate capital structure and debt protection metrics, partnership nature of its constitution and exposure to volatility in raw material prices and forex rates.

'Stable' outlook on the ratings is due to expected increase in revenue contribution from auto sector which has more margins than elevator and utensils segment which will improve the



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overall cashflow in future. Steady increase in net worth is expected to result in reduction in gearing in next 3 years.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Substantial increase in its operations along with profitability, leading to improvement in cash accruals and liquidity on a sustained basis.
- Sustained improvement in the capital structure and debt protection metrics.
- Improvement in the working capital cycle leading to improvement in liquidity.

#### **Downward Factors**

- Any decline in revenue and/or profitability impacting the debt protection metrics and overall liquidity.
- Stretch in working capital cycle impacting liquidity of the firm.
- Deterioration in the capital structure with overall gearing (including quasi-equity) above 2x.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Increasing scale of operations**

In FY24 the total operating income of the firm had increased by 12.89% from Rs. 428.15 crore in FY23 to Rs. 483.34 crore on the back of increase in sales volume as well as average sales realisation for the products manufactured by the firm. EBIDTA margins in FY24 stood slightly improved at 5.02% in FY24 as compared to 4.83% in FY23, with the decline in FY23 (FY22 EBITDA margin: 7.13%) attributed to stabilisation issues related to the new Taloja plant which was established during the year. The overall lower profitability margins in FY23 and FY24 are also because of year on year variation in raw material costs related to the difference in the product mix, as well as increase in employee costs. The margins are expected to increase in future given the focus on auto segment which yields higher margins as compared to utensils



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and elevator segments. For FY25 the company achieved revenues of Rs.375.19 crore and estimated EBITDA margins of 6.42%.

### **Low risk business model**

SRMLLP purchases stainless steel which is cut and slit as per client requirements and then supplied to tier 1 vendors in the auto industry. It also caters to clients in the utensil and elevator industry. In case of auto industry clients, the stainless steel is imported (mostly from POSCO, South Korea). SRMLLP opens letter of credit in favour of overseas suppliers, with usance period of 90 days and simultaneously enters into forward contracts with banks for purchase of USD on the bases of prevailing 90 day forward rate. The billing to clients is also based on the 90 days forward rate. As the business is completely order driven, the company does not need to maintain inventory of finished goods. The company does not face significant risk of raw material price volatility as the cash conversion cycle time is low. The net working capital cycle varied from 30-60 days over FY23-FY24.

### **Established market presence, backed by extensive experience of the partners**

The four-decade long experience of the partners in the stainless-steel industry, their understanding of market dynamics and healthy relationships with customers has helped the firm establish its market position and draw repeat orders from large customers.

### **Key Rating Weaknesses**

#### **Highly fragmented and competitive steel industry**

The steel industry is highly fragmented and competitive due to the presence of large number of organized and unorganized players. Also, the steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market.

#### **Moderate Capital Structure and Debt protection metrics**

SRMLLP's total indebtedness is moderate with overall gearing and TOL/TNW including quasi equity at 1.72x and 3.11x respectively as on March 31,2024 as against at 1.75x and 3.82x



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respectively as on March 31, 2023. Total debt has increased from Rs. 68.90 crore as on 31st March 2023 to Rs. 88.95 crore as on 31st March 2024. TOL/TNW has deteriorated mainly on account of additional working capital borrowings. Debt protection metrics like interest coverage ratio stood comfortable at 2.76x as on March 31, 2024 (PY: 2.94x). However, total debt to GCA stood moderate at 9.21 years in FY24 (PY: 8.59 years).

### **Partnership nature of its constitution**

Being a partnership firm, SRMLLP has limited ability to raise capital as it has restricted access to external borrowings where personal net worth and credit worthiness of partners affect decisions of prospective lenders. Further, it is susceptible to risks of withdrawal of partners' capital at time of personal exigencies and lack of succession decisions may raise the risk of dissolution of the entity.

### **Inherently low margins due to limited value addition**

The operations of the company mainly entail cutting and slitting of sheet sheets and coils as per client requirements. Given the limited value addition in its operations, the operating margins have been low in the past. However Infomerics notes that there is potential for margin improvement in future considering the greater focus on the auto segment, where the margins are expected to be significantly better than the elevator and utensil segments, which were the mainstay segments of the company till FY25.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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### **Liquidity –Adequate**

SRMLLP's liquidity position is adequate marked by moderate cash accruals of Rs. 9.66 crore during FY24 against debt repayment obligation of Rs. 0.81 crores in the year. The firm expects gross cash accruals of Rs.16 crore to Rs.25 crore in projected period FY25-FY27 against total debt repayment obligation of Rs. 1.36 crore, Rs. 1.70 crore and Rs.1.80 crore in these years respectively. Further, there is no major capex in projected period. The firm had a cash balance of Rs.0.26 crores and the current ratio stood at 1.27x as on March 31, 2024.

### **About the Company**

Mumbai-based Shree Ramdev Metalex LLP (SRMLLP) is part of Shree Ramdev Group of Companies founded by Mr. Prabhudayal Dharamji Purohit in 1972. SRMLLP was established in 2015 and Bhagwati Prasad Purohit, Laxmidevi Purohit, Meena M Purohit and Mukesh Purohit are the partners of SRMLLP. The company was earlier engaged in trading, however from FY21-FY22, it has started manufacturing and processing stainless steel sheets, coils and circles mostly used in OEM business in the auto industry and elevator industry.

### **Financials (Standalone):**

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	428.15	483.34
EBITDA	20.67	24.25
PAT	6.92	6.59
Total Debt	68.90	88.95
Tangible Net Worth	34.94	47.21
EBITDA Margin (%)	4.83	5.02
PAT Margin (%)	1.61	1.36
Overall Gearing Ratio (x)	1.75	1.72
Interest Coverage (x)	2.94	2.76

\* As per Infomerics Standard

In case of Overall Gearing, the FY23 figure mentioned in this Press Release differs from the corresponding figure in the Press Release due to change in treatment of quasi equity.

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Nil**





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### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2020-21
	Press Release		April 24, 2025		February 28, 2025	December 28, 2023	December 02, 2022
1.	Long term fund-based facility – Cash Credit	Long Term	12.00	IVR BBB-/ Stable	IVR BBB-/ Stable	--	--
2.	Short term non-fund-based facility – Letter of Credit	Short Term	12.00	IVR A3	IVR A3	--	--
3.	Long term/ Short term non-fund-based facility – Letter of Credit*	Long Term/ Short Term	52.00	IVR BBB-/ Stable/ IVR A3	IVR BBB-/ Stable/ IVR A3	IVR BBB-/ Negative; Issuer Not Cooperating / IVR A3; Issuer Not Cooperating	IVR BBB-/ Stable/ IVR A3

\*Sublimit of Cash Credit available with Letter of Credit.

### Analytical Contacts:

Name: Sudarshan Shreenivas

Tel: (022) 6239 6023

Email: [sudarshan.shreenivas@infomerics.com](mailto:sudarshan.shreenivas@infomerics.com)

### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term fund-based facility – Cash Credit	--	--	--	12.00	IVR BBB-/ Stable
Short term non-fund-based facility – Letter of Credit	--	--	--	12.00	IVR A3
Long term/ Short term non-fund-based facility – Letter of Credit*	--	--	--	52.00	IVR BBB-/ Stable / IVR A3

\*Sublimit of Cash Credit available with Letter of Credit.

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Shree-Ramdev-Metalex-24apr25.pdf>



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**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

