



Press Release

Sri Satyam Ispat Industries India Private Limited

March 17, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	98.29	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities (incl. proposed)	9.71	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
Short Term Bank Facilities	40.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Short Term Bank Facilities	25.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Total	173.00 (INR One Hundred and Seventy-Three Crore only)				

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

The reaffirmation and assignment of the ratings to the bank facilities of Sri Satyam Ispat Industries India Private Limited (SSIIPPL) continues to derive strength from extensive experience of its promoter in the steel industry and stable business performance of the company in FY24 [FY refers to the period from April 1 to Mar 31] and subsequently in 9MFY25. However, these rating strengths remain constrained by moderation in financial risk profile of the company, presence in a fragmented industry structure with intense competition and cyclicity in the steel industry.

The stable outlook reflects that the company will benefit from extensive experience of promoters.

Key Rating Sensitivities:

Upward Factors

- Sustained revenue growth with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis.
- Improvement in the capital structure with improvement in TOL/ATNW and rise in interest coverage ratio to over 3x.



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- Improvement in working capital management leading to improvement in operating cycle and liquidity.

Downward Factors

- Decline in revenue and profitability leading to deterioration in debt protection metrics on a sustained basis
- Any unplanned capex leading to impairment in the capital structure with moderation in overall gearing to over 2x and interest coverage to below 1.5x
- Increase in operating cycle impacting liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of promoters**

The company is promoted by Mr. Vamsidhar Thiruvudhi who has extensive experience of over two decades in the field of mining and trading of various construction materials. The company will continue to benefit from its promoter's extensive experience and their strong understanding of the market dynamics.

- **Stable business performance**

Despite lower average sales realization, company's total operating income (TOI) remained stable at Rs.551.27 crore in FY24 as compared to Rs.540.69 crore in FY23 supported by increase in trading sales volume. The trading sales volume of Thermo-Mechanically Treated (TMT) bar has increased from ~46460 MTPA in FY23 to ~55601 MTPA in FY24. Further, EBITDA has also remained stable at Rs. 24.37 crore in FY24 as compared to Rs. 24.25 crore in FY23. However, due to increase in finance cost, PAT and GCA moderated in FY24. In 9MFY25, the company has achieved revenue of Rs. 469.09 crore.

Key Rating Weaknesses

- **Moderation in financial risk profile**

The financial risk profile of the company has moderated on account of increase in debt level due to increase in working capital borrowings. In FY24, working capital requirement increased on account of an increase in collection period from 71 days in FY23 to 114 days in FY24. This was partly managed by stretching payment to creditors. The tangible net worth of the company includes subordinated unsecured loan of Rs.19.75 crore. Based on the tangible net worth including quasi equity (amounting to Rs.67.61 crore) the long-term debt equity ratio and overall



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gearing ratio stood at 0.29x and 1.96x respectively as on March 31, 2024 as against 0.26x and 1.71x respectively as on March 31, 2023. Total indebtedness of the company marked by TOL/ATNW stood moderate at 3.19x as on March 31, 2024 as compared to 3.78x as on March 31, 2023. Debt coverage indicators as depicted by interest coverage ratio moderated to 1.89x in FY24 as compared to 3.48x in FY23 due to increase in finance cost. Total Debt/ EBITDA stood at 5.43x as on March 31, 2024 (2.72x as on March 31, 2023).

- **Presence in a fragmented industry structure with intense competition**

The entity is engaged in trading business of various steel products which is highly competitive in nature because of low entry barriers. The products come with very little differentiation. The presence of many players in the operating spectrum constrains the pricing flexibility of the entity to a large extent. The company is also exposed to high cyclicality engaged in the steel industry.

- **Exposure to cyclicity in the steel industry**

The steel industry is highly cyclical in nature and witnessed prolonged periods where it faced a downturn due to excess capacity leading to a downturn in the prices.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by its sufficient cash accruals vis-à-vis its debt repayment obligations. The company is expected to earn cash accruals in the range of ~Rs.17.50-25.30 crore which is expected to be sufficient to meet its debt obligations during FY25-FY27. Further, the average working capital utilization of the company for last 12 months ended January 2025 remained satisfactory at ~80% indicating moderate liquidity buffer.

About the Company



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SSIILPL was incorporated in 2015 and started its business operations from February 2019. The Company is engaged in trading of construction materials mainly TMT bars and structural steel. The company also trades in other construction materials such as cement, ready-mix concrete, G.I. coil, deck sheets, etc. The company is an authorised dealer of Jindal Steel & Power Limited and JSW Steel Limited. The company is promoted by Mr. Vamshidhar Thiruvudhi, who has over two decades of experience in trading business of steel products. The company has its registered office in Hyderabad, Telangana.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	540.69	551.27
EBITDA	24.25	24.37
PAT	13.47	4.85
Total Debt	66.05	132.27
Adj. Tangible Net Worth	38.58	67.61
EBITDA Margin (%)	4.49	4.42
PAT Margin (%)	2.49	0.88
Overall Gearing Ratio (x)	1.71	1.96
Interest Coverage (x)	3.48	1.89

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			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 2021-22
					Jan 5, 2024	-	-
1.	Term Loan	LT	2.29*	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
2.	Cash Credit	LT	44.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
3.	e-DFS	LT	57.00	IVR BBB-/ Stable	IVR BBB-/ Stable	-	-
4.	Prop. Cash Credit	LT	4.71	IVR BBB-/ Stable	-	-	-
5.	Letter of Credit	ST	40.00	IVR A3	IVR A3	-	-



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					Jan 5, 2024	-	-
6.	EPC/ PCFC	ST	25.00	IVR A3	-	-	-

*O/s as on Jan 31, 2025

Analytical Contacts:

Name: Ashish Agarwal	Name: Avik Podder
Tel: (033) 46022266	Tel: (033) 46022266
Email: aagarwal@infomerics.com	Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [formerly Infomerics Valuation and Rating Private Limited] 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).

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Nov 2026	2.29	IVR BBB-/ Stable
Cash Credit	-	-	-	-	44.00	IVR BBB-/ Stable
e-DFS	-	-	-	-	57.00	IVR BBB-/ Stable
Prop. Cash Credit	-	-	-	-	4.71	IVR BBB-/ Stable
Letter of Credit	-	-	-	-	40.00	IVR A3
EPC/ PCFC	-	-	-	-	25.00	IVR A3
Total					173.00	

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Sri-Satyam-Ispat-17mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: 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