



Press Release

Shri Bajrang Alliance Limited

February 08, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities	42.94	IVR BBB / Stable (IVR Triple B with Stable Outlook)	Rating Revised	Simple
Short Term Fund Based Bank Facility	8.00	IVR A3+ (IVR A Three Plus)	Rating Revised	Simple
Short Term Non-Fund Based Bank Facility	1.00	IVR A3+ (IVR A Three Plus)	Rating Revised	Simple
Total	51.94			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating revised to the bank facilities of Shri Bajrang Alliance Limited derive comfort from experienced promoters and management, and linkages with group companies. However, these rating strengths remain constrained by moderate financial risk profile, large contingent liabilities, high competition and cyclical nature in the steel industry.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained improvement in profitability margins and debt coverage indicators

Downward Factors

- Decline in profitability leading to further weakness in liquidity.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of promoters with an established presence in steel industry

Shri Bajrang Alliance Limited (SBAL) was promoted by the Goel family in 1990. The group has diversified business interests from steel business to Media, Digital Marketing, Hydro Power and Food Agro Processing. The promoters have an extensive industry experience of around three decades in the Steel Industry and has other steel manufacturing company namely Shri Bajrang Power and Ispat Limited (rated IVR A-/Stable). Mr Anand Goel is the Managing Director of the company accompanied by Mr Narendra Goel (Director) and Mr. Archit Goel (Director). The independent directors of the company are highly qualified, experienced and accomplished professionals, adding credence in the governance of the company. The company has an extensive dealer network and various marketing initiatives, which has been supporting their operating profile.

Linkages with Group companies

SBAL has operational linkages with Shri Bajrang Power and Ispat Ltd (SBPIL), the flagship company of Goel Group, for sourcing of raw materials. Additionally, SBPIL has given undertaking to provide liquidity support to SBAL. Further, the company receives funding from its other Group companies, in the form of unsecured loans which have been utilised in their capex spent towards their new frozen food processing plant.

Key Rating Weaknesses

Moderate Financial Risk Profile

Financial risk profile of the company is moderate marked comfortable overall gearing and other debt coverage indicators. The overall gearing ratio on net adjusted tangible net worth of the company stood at 0.84x as on March 31, 2022 (0.48x as on March 31, 2021). The TOL to ATNW stood moderate at 1.04x as on March 31, 2022, as against 0.69x as on March 31, 2021. The Interest coverage ratio stood healthy at 3.29x in FY22 as against 2.04x in FY21.



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Large contingent liabilities

SBAL has a sizeable amount of contingent liability, majority of which pertains to corporate guarantee given by the company to one of its associate company's – Shri Bajrang Power & Ispat Ltd; which has increased from Rs 1130.27 crore in FY21 to Rs 1377.84 crore in FY22. The company has provided the corporate guarantee to the company at the time of its inception.

High competition and cyclicity in the steel industry

Shri Bajrang group operates in Chhattisgarh which is well known for steel & ancillary segment. The company faces stiff competition from both established players in the region as well as from the unorganised sector players due to low level of product differentiation. Also, the steel industry is 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 Approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on Rating Outlook](#)

[Parent & Group Support](#)

For arriving at the rating, INFOMERICS has considered the parent/ group support approach based on the financial support from its group/ associate company namely, Shri Bajrang Power and Ispat Ltd (SBPIL), the flagship company of the Goel Group, factoring the strategic importance and strong moral obligations extended to Shri Bajrang Alliance Limited.



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Liquidity – Adequate

The liquidity of the company is expected to remain adequate in the near to medium term marked by its expected sufficient cash accruals as against its debt repayment obligations. Further, the company has adequate gearing headroom on the back of its conservative capital structure. The consolidated average fund based working capital limit utilisation also remained comfortable at 32.45% during the past twelve months ended October 2022 indicating sufficient liquidity buffer.

About the Company

About the Company Shri Bajrang Alliance Limited (Formerly Known as Shri Bajrang Alloys Limited) (SBAL) is one of the largest structural Rolling Mill in the state of Chattisgarh since its incorporation in the year 1990 overseen by Goel Group. The group entered the steel manufacturing sector in 1991 by incorporating Shri Bajrang Alloys Limited, a re-rolling unit near Raipur, Chhattisgarh. Other than steel manufacturing, the group has business interests in areas like generation and sale of hydro power as well as media (the group operates a regional 24*7 news channel, IBC 24). The company has two main division – Steel Manufacturing and Agro Division. The Steel Manufacturing unit has an annual rolling capacity of 60,000 MT; equipped with Furnace and Conveyor tables, these modern installations have helped the company to reduce their turnaround time. The agro division incorporated in 2020, this marks the group's first foray into foods business through 100% vegetarian frozen food products. Their manufacturing facility located at Raipur has an installed capacity of 6600 tons per annum with a cold storage facility which has a capacity of 500 tons below -18 degrees Celsius.

Financials (Standalone):

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	213.73	170.70
EBITDA	9.08	9.06
PAT	2.18	3.78



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Total Debt	57.98	41.37
Tangible Net Worth	42.62	43.36
EBITDA Margin (%)	4.25	5.31
PAT Margin (%)	1.02	2.19
Overall Gearing Ratio (x)	1.36	0.95

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (March 12, 2022)	Date(s) & Rating(s) assigned in 2021-22 (November 13, 2021)	Date(s) & Rating(s) assigned in 2020-21 (September 08, 2020)
1.	Fund Based Bank Facility – Term Loans	Long Term	10.79	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BB+; ISSUER NOT COOPERATING	IVR BB+/Stable
2.	Fund Based Bank Facility – Cash Credit	Long Term	32.15	IVR BBB/ Stable	IVR BBB-/ Stable	IVR BB+; ISSUER NOT COOPERATING	IVR BB+/Stable
3.	Fund Based Bank facility - Bill discounting under LC	Short Term	8.00	IVR A3+	IVR A3	IVR A4+; ISSUER NOT COOPERATING	IVR A4+
4.	Non-Fund Based Bank Facility – Bank Guarantee	Short Term	1.00	IVR A3+	IVR A3	IVR A4+; ISSUER NOT COOPERATING	IVR A4+



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	Total		51.94				

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About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit 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
Fund Based Bank Facility – Term Loans	-	-	Up to 2025	10.79	IVR BBB/ Stable
Fund Based Bank Facility – Cash Credit	-	-	-	32.15	IVR BBB/ Stable
Fund Based Bank facility - Bill discounting under LC	-	-	-	8.00	IVR A3+
Non-Fund Based Bank Facility – Bank Guarantee	-	-	-	1.00	IVR A3+

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Shri-Bajrang-feb23.pdf>

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.