



Press Release

Sai Infinium Limited

(Erstwhile Known as Sai Bandhan Infinium Private Limited)

December 23, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Proposed Long Term Facilities	49.95	IVR BB+ / Stable (IVR Double B Plus with Stable Outlook)	-	Assigned	Simple
Proposed Long Term/ Short Term Facilities	20.05	IVR BB+ / Stable / IVR A4+ (IVR Double B Plus with Stable Outlook/ IVR A Four Plus)	-	Assigned	Simple
Total	70.00 (Rupees Seventy Crore Only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has assigned its rating to the Proposed Bank facilities of Sai Infinium Limited (Erstwhile Known as Sai Bandhan Infinium Private Limited). The ratings factors in extensive experienced promoters, semi-integrated nature of operations, healthy growth in scale of operations and satisfactory financial profile. However, these rating strengths are constrained due to risk associated with volatility in the raw material prices, intense competition, cyclicality in the steel industry, project implementation risk and large debt funded project.

Stable outlook reflects Infomerics' belief that the company will continue to benefit as backed by experienced promoters, favourable demand outlook for MS Billets/ TMT Bars along with expected growth in revenue post merger of ship breaking business and post commencement of operations of rolling mill for the manufacture of MS angles, MS channels, MS Squares

Key Rating Sensitivities:

Upward Factors

- Sustained increase in scale of operation with improvement in cash accruals
- Improvement in profitability with EBITDA margin on a sustained basis.



Press Release

Downward Factors

- Significant dip in operating income and/or profitability impacting the debt coverage indicators and liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Promoters**

Sai Infinium Limited is managed by experienced promoters and directors. They are well assisted by qualified second-tier management in day-to-day operations. Having operated in the industry for years now, the management has established a strong network of suppliers and customers.

- **Semi-Integrated nature of operations**

SIL's manufacturing facilities are Semi-integrated. It procures scrap and sponge iron from outside dealers to produce billets which are captively consumed to manufacture TMT /TMX bars. This provides flexibility to deal in both billets and TMT / TMX bars depending upon market scenario to optimize on profitability.

- **Healthy growth in scale of operations**

Total operating income increased to Rs. 507.92 crore in FY23 (refers to the period 1st April 2022 to 31st March 2023) from Rs. 148.67 crore in FY22. The main reason for substantial increase is commencement of operation of rolling mill for TMX/TMT bars in January 2022. However, SIL's total operating income has decreased from Rs. 507.92 crore in FY23 to Rs. 451.75 crore in FY24, a decline of Rs. 11.06% in comparison to FY23, which is mainly due to lower per unit realization. Total operating Income is expected to grow going forward considering expected growth in revenue post-merger of ship breaking business and post commencement of operations of rolling mill for the manufacture of MS angles, MS channels, MS Squares etc in November 2025. Total operating income increased by 6.44% in H1FY25 due to inclusion of ship breaking income post-merger of Sai Infinium Private Limited as on 31st March 2024. It increased to Rs. 251.59 crore in H1FY25 from Rs 236.37 crore in H1MFY24.

- **Satisfactory financial risk profile**



Press Release

The financial risk profile of the company remained satisfactory marked by its satisfactory capital structure with below unity long term debt/equity ratio and overall gearing ratio. SIL's Overall gearing (on Adjusted TNW) stood at 0.70x as on March 31, 2024. (0.99x as on March 31, 2023) and long-term debt/equity ratio stood 0.41x as on March 31, 2024 (0.59x as on March 31, 2023). Overall gearing Adj. and long-term debt/equity improved in FY24 mainly due to an increase in Adjusted tangible net worth. Adjusted TNW increased from Rs. 83.14 crores as on March 31, 2023, to Rs. 130.44 crores as on March 31, 2024. Adjusted TNW increased due to increase in share capital and reserves on account of absorption of Sai Infinium Private Limited and Fidelis International Private limited and increase in retained profits led by increase in PAT. Further, TOL/TNW Adj. stood at 1.23x as on March 31, 2024 (1.32x as on March 31, 2023). Interest coverage ratio also improved from 2.62x in FY23 to 3.64x in FY24 led by improvement in EBITDA.

Key Rating Weaknesses

- **Risks associated with volatility in the raw material prices**

The major raw material used in the production of billets and TMT/TMX bar is scrap and sponge iron. The company does not have any long-term agreement for procurement of raw material and procures most of the raw material requirement from the spot market (domestic or international depending on pricing), thus exposing it to the volatility in the raw material price. Further, the finished steel prices are also highly volatile and prone to fluctuations based on global demand-supply situations and other macro-economic factors, which leaves its profitability highly susceptible to the price volatility.

- **Intense competition**

The steel manufacturing industry is characterized by intense competition across the value chain due to low product differentiation, and consequent intense competition, which limits the pricing flexibility of the entities operating in this industry.

- **Cyclical in the steel industry**

The domestic steel industry is highly cyclical in nature and has witnessed prolonged periods of downturn due to excess capacity leading to a downtrend in the prices. Further, the company's operations are vulnerable to any adverse change in the global demand-supply dynamics.

- **Project implementation risk**



Press Release

The company is in the process installing rolling mill for manufacture for MS channels, MS angles, Ms squares etc. The rolling mill is expected to be operational by November 2025. The promoters have infused part of their contribution in the form of equity and the term loans are expected to be tied up by March 2025. Successful completion and timely achievement of the commercial operations will remain a key monitorable.

- **Large debt funded project**

The company is in the process installing rolling mill for manufacture for MS channels, MS angles, Ms squares etc. The project is funded through debt of Rs 49.95 (75 % of project cost) and balance through promoter's contribution. The promoters have infused part of their contribution in the form of equity and the term loans are expected to be tied by March 2025. The ability of the company to complete the project without any cost and / or time overrun will remain critical from credit risk perspective. Further, timely completion with stabilization and streamlining of revenue remains key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Manufacturing Companies.](#)

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

[Policy on Default recognition and Post – Default Curing Period](#)

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

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate as the company is expected to generate sufficient cash accruals. Further, company has reported satisfactory current ratio at 1.57x as on March 31, 2024, to meet its near-term cash requirements. Average working capital utilisation for the 12 months ended June 2024 stood at 28.94%. Other than FD-OD of Rs. 1.70 crore, the company has no working capital fund-based borrowings as of November 2024. SIL has cash and bank balance of Rs. 0.58 crore as on March 31st, 2024.



Press Release

About the Company

Sai Infinium Limited (Formerly known as Sai Bandhan Infinium Pvt. Ltd) was established in 2004 with its registered office in Bhavnagar. Since 2019, the SIL is mainly engaged in the business of manufacturing of Billets/ TMX Bars and trading in Iron & Steel Products. The company changed its name from Sai Bandhan Infinium Private Limited to Sai Infinium limited with effect from November 22, 2024 and converted from Private limited company to Public Limited company. The entire business and whole of undertaking of Fidelis International Private Limited and Sai Infinium Private limited (both “the transferor companies”) were transferred as going concerns and vested with Sai Infinium Limited with effect from 30th March 2024 being the merger appointed date. M/s Fidelis International Private Limited, the transferor company was mainly engaged in the business of manufacturing Pharmaceutical PET Bottles and M/s Sai Infinium Private Limited, the transferor company was mainly engaged in the business of ship recycling and ship breaking. The company has sold the majority fixed assets of M/s Fidelis International Private Limited and would not continue the operations of M/s Fidelis International Private Limited.

Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2023 (Audited)	31-03-2024 (Audited)
Total Operating Income	507.92	451.76
EBITDA	29.27	36.92
PAT	0.84	9.44
Total Debt	82.34	90.68
Tangible Net Worth	83.14	130.44
EBITDA Margin (%)	5.76	8.17
PAT Margin (%)	0.16	2.08
Overall Gearing Ratio(x)	0.99	0.70
Interest Coverage Ratio (x)	2.62	3.64

* Classification as per Infomerics' standards.



Press Release

Status of non-cooperation with previous CRA: NA

Any other information: Nil





Press Release

Rating History for last three years:

Sr. No	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount (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
1.	Proposed Term Loan	Long Term	49.95	IVR BB+/ Stable	-	-	-
2.	Proposed Long Term/ Short Term	Long Term/ Short Term	20.05	IVR BB+ / Stable / IVR A4+	-	-	-

Analytical Contacts:

Name: Jalaj Srivastava
Tel: (079) 40393043
Email: jalaj.srivastava@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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 instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. 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.



Press Release

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

For more information visit and definition of ratings please visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Term Loan	-	-	-	-	49.95	IVR BB+/ Stable
Proposed Long Term/ Short Term	-	-	-	-	20.05	IVR BB+ / Stable / IVR A4+

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Sai-Infinium-dec24.pdf>

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

Annexure 4: List of companies considered for consolidated 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