



Press Release

Shivam Iron & Steel Company Limited

July 29, 2025

Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	198.73 (reduced from Rs. 214.46 crore)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	106.27 (enhanced from Rs. 103.10 crore)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Rating Reaffirmed	Simple
Long Term Bank Facility	-	-	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Rating Withdrawn	-
Short Term Bank Facility	-	-	IVR A2 (IVR A Two)	Rating Withdrawn	-
Total	305.00 (INR Three Hundred and Five 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 of the ratings assigned to the bank facilities of Shivam Iron & Steel Company Limited (SISCO) continue to derive comfort from extensive experience of its promoters in the steel industry and strategic location of plant with semi-integrated nature of its operations. The ratings also consider satisfactory business performance of the company in FY24 [FY refers to the period from April 1 to March 31] & subsequently in FY25 (Prov.) coupled with its comfortable capital structure and moderate debt protection metrics. However, these rating strengths continue to remain constrained due to lack of backward integration, susceptibility of profitability to volatility in raw material and finished goods prices, exposure to foreign exchange fluctuation risk and working capital intensive nature of its operations. The ratings also consider its exposure to intense competition and cyclicity in the steel industry.

The stable outlook reflects expected stable business performance in the near to medium term underpinned by extensive experience of the promoters.



Press Release

Infomerics Ratings has simultaneously withdrawn the long-term and short-term ratings assigned to bank facilities from Canara Bank with immediate effect. The above action has been taken at the request of SISCO and the 'No Due Certificate' issued by the lender. The above withdrawal is in line with Infomerics policy on withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors

- Increase in operating income above to Rs.1000 crore with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Improvement in the capital structure and debt protection metrics on a sustained basis
- Effective working capital management with improvement in operating cycle and liquidity

Downward Factors

- Dip in operating income and/or profitability impacting the cash accruals on a sustained basis
- Deterioration in the capital structure with moderation in overall gearing to above 1.5x and moderation in interest coverage to below 1.5x
- Elongation in the operating cycle impacting the liquidity on a sustained basis

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of operations under experienced promoter**

SISCO, having commenced operations in the year 1998 has a track record of being engaged in steel manufacturing business for over two decades. Over the years the company has established its presence in the steel manufacturing segment in the state of Jharkhand. SISCO was promoted by Mr. Binod Kumar Agarwala, Mr. Arun Kumar Agarwal, Mr. Pramod Kumar Agarwal & Mr. Shiv Kumar Agarwal. The promoters are having more than 25 years of experience in the steel industry. Before incorporation of SISCO the promoters were into trading of steel products.

- **Strategic location of plant**



Press Release

The manufacturing facility of SISCO is located in mineral rich regions of Jharkhand where there is a cluster of sponge iron plant as well as mini/ integrated steel plants. Hence, sourcing of raw materials like sponge iron and selling of finished goods like ingots, ferro alloys to end use steel manufacturers is not an issue.

- **Semi-integrated nature of operations**

The company has manufacturing facilities for intermediate products like sponge iron, billets as well as value added products like TMT bars & structural. Besides, the company also has a Ferro-alloy plant at its premises in Giridh, Jharkhand.

- **Satisfactory business performance**

The total operating income of the company has increased by ~9% from Rs.753.28 crore in FY24 to Rs.825.66 crore in FY25 (Prov.), driven by increase in sales volume of Silico Manganese and TMT bars coupled with improvement in average sales realisation per MT of Silico Manganese and Ferro Manganese. While EBITDA margin has moderated to 5.22% in FY25 (Prov.) from 5.69% in FY24, PAT margin improved to 1.52% in FY25 (Prov.) from 1.23% in FY24 on account of lower depreciation & finance cost.

- **Comfortable capital structure and moderate debt protection parameters**

The capital structure of the company continued to remain comfortable as on March 31, 2025 (Prov.). The overall gearing ratio improved to 0.76x as on March 31, 2025 (Prov.) against 0.93x as on March 31, 2024 on the back of accretion to reserves and repayment of loan. Total indebtedness as reflected by TOL/ATNW also remained satisfactory at 1.03x as on March 31, 2025 (Prov.) as compared to 1.20x as on March 31, 2024. Debt service parameter as reflected by interest coverage ratio has remained satisfactory at 2.23x in FY25 (Prov.). However, the Total debt to GCA stood moderate at 7.10x as on March 31, 2025 (Prov.). Going forward, Infomerics expects that the financial risk profile will continue to remain satisfactory in the near term.

Key Rating Weaknesses

- **Lack of backward integration vis-à-vis volatility in prices of raw material as well as finished goods**

SISCO lacks complete backward integration of its primary raw materials i.e. pig iron, sponge iron, scrap and coal and a captive power plant. Since, raw material and power are the largest cost component for the company (constituting around 90-95% of total cost of production),



Press Release

SISCO is susceptible to volatility in input material prices and cost of power. The company does not have any coal linkage and procure the coal from local traders along with import of higher quality coal mainly from South Africa, Gabon etc. The company also imports manganese ore from South Africa. In absence of captive source of iron ore/manganese ore, any adverse movement in the raw material prices without any corresponding movement in finished goods price might affect the performance of the company. SISCO procure power from Damodar Valley Corporation (DVC) and is also susceptible to change in power prices. On the other hand, the finished goods are also volatile and dependent upon economic cycles and global demand supply scenarios.

- **Exposure to foreign exchange fluctuation risk**

The company imports coal & manganese ore from mainly South Africa and Gabon. Along with imports, the company is also exporting its goods (ferro products) to various countries like Japan, Indonesia, Malaysia, Taiwan etc. Backed by its export operations the company enjoys natural hedging. However, for any unhedged portion the company uses derivatives to protect its margins. As on March 31, 2025, the total unhedged foreign currency exposure of SISCO was Nil.

- **Intense competition**

The steel industry is fragmented and characterised by intense competition. The company has to compete with many organised and unorganised players, which restricts its pricing flexibility.

- **Working capital intensive nature of operation**

The nature of business of SISCO requires the company to maintain a high level of raw material inventory to ensure uninterrupted production. The working capital cycle though improved but remained elongated and stood at 123 days in FY25 (Prov.) (139 days in FY24).

- **Cyclicality in the steel industry**

The company's performance remains susceptible to the cyclical nature of the iron and steel industry, as demand for steel products is closely linked to both domestic and global economic conditions. In particular, demand for the company's products is influenced by end-user industries such as infrastructure, engineering, etc which are also subject to economic cycles.

Analytical Approach: Standalone

Applicable Criteria:



Press Release

[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](#)

[Policy on withdrawal of ratings](#)

Liquidity –Adequate

The liquidity profile of the company is expected to remain adequate marked by sufficient cash accruals vis-à-vis its debt repayment obligation of Rs.10.82 crore in FY26, Rs.4.33 crore in FY27 and Rs.2.93 crore in FY28. The overall gearing remained satisfactory at 0.76x as on March 31, 2025 (Prov.) indicating a comfortable gearing headroom. However, the average working capital utilisation remained moderate at ~79% during the last twelve months ended March'2025 indicating limited buffer in its working capital limits.

About the Company

Incorporated in September, 1998, Jharkhand based, Shivam Iron & Steel Company Limited (SISCO) was promoted by Mr. Binod Kumar Agarwala, Mr. Arun Kumar Agarwal, Mr. Pramod Kumar Agarwal & Mr. Shiv Kumar Agarwal. SISCO is engaged in manufacturing of sponge iron, Mild Steel (MS)/stainless steel (SS) ingots, billets, pig iron, hard coke, MS structural items such as angles, channels, bars, and flats, SS flats, and ferro-alloys (silico alloys and ferro-manganese). The manufacturing facilities of the company are located in Koderma (Sponge iron unit, 90000 MT) and in Giridih (other manufacturing facilities, 44000 MT of Ferro Alloys, 28000 MT of Rolling Mills (Structural) and 100000 MT of SMS Division 5 (Billet, Ingot, TMT Bar) both are in Jharkhand. The manufacturing facilities of the company have quality systems certifications of ISO: 9001:2008.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	753.28	825.66
EBITDA	42.88	43.14
PAT	9.30	12.54
Total Debt	175.73	150.64
Tangible Net Worth	188.61	201.16
EBITDA Margin (%)	5.69	5.22



Press Release

PAT Margin (%)	1.23	1.52
Overall Gearing Ratio (x)	0.93	0.76
Interest Coverage (x)	2.03	2.23

* 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 (2025-26)			Rating History for the past 3 years				
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23	
					May 02, 2024	Oct 11, 2023	Aug 02, 2023	Sep 15, 2022	Jul 20, 2022
1.	GECL/ Term Loan*	Long Term	13.73	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
2.	Cash Credit	Long Term	185.00	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
3.	Cash Credit	Long Term	-	Withdrawn^^	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable
4.	Letter of Credit^	Short Term	65.17	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2
5.	Bank Guarantee	Short Term	-	Withdrawn^^	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2
6.	Bank Guarantee	Short Term	38.90	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2	IVR A2
7.	Forward Contract/ CEL	Short Term	2.20	IVR A2	IVR A2	IVR A2	IVR A2	-	-

*Outstanding as on 30.06.2025

^Includes proposed limit of Rs. 3.17 crore

^^Cash credit limit of Rs. 20 crore and Bank Guarantee of Rs.10 crore from Canara Bank rated earlier is withdrawn based on request and No due certificate issued by the lender.



Press Release

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 Ltd [formerly 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.

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.

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.



Press Release

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
GECL/ Term Loan*	-	-	-	Feb 2028	13.73	IVR BBB+/ Stable
Cash Credit	-	-	-	-	185.00	IVR BBB+/ Stable
Letter of Credit^	-	-	-	-	65.17	IVR A2
Bank Guarantee	-	-	-	-	38.90	IVR A2
Forward Contract/ CEL	-	-	-	-	2.20	IVR A2

*Outstanding as on 30.06.2025

^Includes proposed limit of Rs. 3.17 crore

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Shivamlron-jul25.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.