



Press Release

Shree Shakti Iron & Alloys Private Limited

February 12, 2025

Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	47.54 (reduced from Rs.50.00 crore)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Rating reaffirmed	Simple
Total	47.54 (Rupees Forty- seven crore and fifty-four lakh 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.

For arriving at the ratings, Infomerics Ratings has combined the financial risk profiles of Agrasen Ispat Private Limited, Hindustan Loha Limited, Pushpganga Minerals LLP, M/S Shree Shakti Iron & Alloys Pvt. Ltd (SSIAPL) and M/s Black Gold Minerals referred together as Agrasen group (Trading) as these entities are under a common management and have strong financial and operational linkages and cash flow fungibility. The reaffirmation of the rating assigned to the bank facilities of SSIAPL continues to derive comfort from the parentage of the Agrasen group, strong support from group synergy and established marketing arrangements of the group with reputed clientele. Further, the ratings also consider stable financial risk profile of the Agrasen group (Trading) marked by its moderate capital structure with moderate debt protection metrics. However, these rating strengths remain constrained due to exposure to intense competition, thin profit margin, working capital intensive nature of its operations and exposure to cyclicity in steel industry.

The stable outlook reflects that the business performance of the group will continue to remain stable in the medium term driven by increased demand of metals and minerals in the domestic and international markets.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin, and cash accrual.
- Improvement in the capital structure with improvement in the debt protection metrics.



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- Manage working capital requirements efficiently leading to improvement in liquidity position.

Downward Factors

- Moderation in operating income and/or moderation in cash accrual impacting the debt protection metrics on a sustained basis
- Moderation in the capital structure with deterioration in the overall gearing to over 2x.
- Moderation in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Parentage of the Agrasen group and strong support from group synergy

The Agrasen group is founded by one Agrawal family of Raipur, Chhattisgarh. The group has vast experience in the manufacturing and trading of steel products through various entities under its fold. The Agrawal family started their business operations with trading of steel products and gradually ventured in manufacturing operations in 2002. Currently, the Agrasen group has two business verticals – Trading and Manufacturing. Under manufacturing vertical, the group is engaged in manufacturing of steel wires, Ms. Ingot, Billets and steel rolled products. Under trading vertical, the group is engaged in trading of various steel products, minerals and coal. Engagement in both manufacturing and trading operations provides strong operational synergy to the group entities. Furthermore, as a part of larger Agrasen group the entities enjoys a strong financial flexibility.

Established marketing arrangements with stable operating performance

The Agrasen group has its own established marketing arrangements with various steel products dealers on the back of its more than a decade long operation in the steel trading/manufacturing segment. With an established presence, the combined total operating income (TOI) of the trading entities of the group improved from Rs.1497.52 crore in FY23 (FY refers to the period from April 1 to March 31) to Rs.1507.03 crore in FY24 on account of increase in volume sales. On a standalone basis, SSIAPL has achieved TOI of Rs. 636.84 crore in FY24. The business performance of the group has witnessed improvement in H1FY25 underpinned by increase in average sales realisation on the back of improvement in the steel market. In H1FY25, the group has achieved a revenue of Rs.701.32 crore.

Reputed clientele



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The trading entities of the Agrasen Group are empanelled vendors of large companies like RIL, L&T, Indian Railways, GAIL, BHEL, ONGC and NALCO and supplies varied grades of iron and steel products.

Stable financial risk profile marked by moderate capital structure and moderate debt protection metrics

The combined tangible net worth including quasi equity stands at Rs.97.59 crore as on March 31, 2024. Long term debt to equity and overall gearing based on tangible net worth including quasi equity continues to remain moderate at 0.38x and 1.91 respectively as on March 31, 2024 (0.33x and 2.16x respectively as on March 31, 2023). The improvement in gearing is due to accretion of profit to reserves. The interest coverage ratio continues to remain moderate at 1.53x in FY24 against 1.85x in FY23. Total debt to EBITDA also remained moderate at 5.40x as on March 31, 2024.

On a standalone basis, capital structure and debt protection metrics of the company stands moderate with overall gearing of 2.49x as on March 31, 2024 and interest coverage of 1.55x in FY24.

Key Rating Weaknesses

Exposure to intense competition

Steel trading operations are highly competitive due to the presence of many organized and unorganized players in the industry which restrict the profitability and pricing flexibility of the Agrasen group (Trading) to a large extent.

Thin profit margin

The trading entities of the Agrasen group operate with a thin margin due to the less value additive nature of their operations and intense competition in the operating spectrum. The EBITDA margin of the group remained thin, and range bound between 2%- 3% and the PAT margin remained below 1% over the last three years.

Working capital intensive nature of operations

The operations of the group are working capital intensive. However, the group has satisfactory working capital management.

Cyclicality in steel industry



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The steel industry is highly cyclical. Steel prices fluctuate based on macro-economic factors, including, amongst others, consumer confidence, employment rates, interest rates and inflation rates, general levels of infrastructure activities in the region of sale, etc. Adverse volatility in steel prices will have an adverse effect on the group's performance in view of its direct linkage to the fortunes of Steel industry.

Analytical Approach: Combined

For arriving at the rating, Infomerics has combined the financial risk profiles of Agrasen Ispat Private Limited, Hindustan Loha Limited, Pushpganga Minerals LLP, Shree Shakti Iron & Alloys Pvt. Ltd and Black Gold Minerals referred together as Agrasen group (Trading) as these entities are under a common management and have strong financial & operational linkages and cash flow fungibility. The list of entities considered for consolidation are given in Annexure 4.

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](#)

[Criteria on Consolidation of Companies](#)

Liquidity – Adequate

The Agrasen group (Trading) had generated a gross cash accrual of ~ Rs.9.16 Cr as against repayment obligation of Rs.6.34 crore in FY24. Further, the group is also expected to generate steady cash accrual over the near medium term within the range of Rs.12.63 crore to Rs.15.35 crore against its repayment obligation of Rs.4.34 crore to Rs.8.23 crore during FY25- FY27. Further, the group has moderate gearing headroom marked by its moderate gearing ratio at 1.91x as on March 31, 2024. However, the resourcefulness of the promoters of Agrasen group is also expected to support the liquidity of the group.

About the Company

SSIAPL was incorporated in May 2020 for trading of coal, iron ore and all kind of Minerals and iron and steel products. The day-to-day operations of the firm are looked after by Mr. Vipin Kumar Aggarwal who have an experience of over a decade in the steel industry. He is supported by a team of experienced and qualified professionals.



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About the Group

The Agrasen group is founded by the one Agrawal family of Raipur, Chhattisgarh. The group has vast experience in the manufacturing and trading of steel products through various 5 entities under its fold. The Agrawal family started their business operations with trading of steel products and gradually ventured in manufacturing operations in 2002. Currently, the Agrasen group has two business verticals – Trading and Manufacturing. Under manufacturing vertical, the group is engaged in manufacturing of steel wires, Ms. Ingot, Billets and steel rolled products. Under trading vertical the group is engaged in trading of various steel products, minerals and coal.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	802.22	636.84
EBITDA	8.20	10.22
PAT	2.35	2.60
Total Debt	47.30	44.84
Tangible Net worth	10.94	13.52
Adjusted Tangible Net Worth	15.41	17.99
EBITDA Margin (%)	1.02	1.60
PAT Margin (%)	0.29	0.41
Overall Gearing Ratio (x)	3.07	2.49
Interest Coverage Ratio (x)	1.66	1.55

**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 (Year 2024-2025)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	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 08, 2024	May 24, 2023	Apr 04, 2022	Oct 14, 2021
1.	Term Loan	Long Term	5.04	IVR BBB-/Stable	IVR BBB-/Stable	-	-	-
2.	Cash Credit	Long Term	42.50	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-

**Outstanding as on 30.09.2024*



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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.

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

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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	-	-	-	Oct 2026	5.04	IVR BBB- /Stable
Cash Credit	-	-	-	-	42.50	IVR BBB- /Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-shreeshakti-feb25.pdf>

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

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

Name of the Entities	Consolidation Approach
Agrasen Ispat Pvt Ltd	Full Consolidation
Pushpganga Minerals LLP	Full Consolidation
Hindusthan Loha Limited	Full Consolidation
Shree Shakti Iron & Alloys Pvt. Ltd	Full Consolidation
Black Gold Minerals	Full Consolidation

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.