



Press Release

Shri Bajrang Alliance Limited (SBAL)

March 12, 2022

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term fund-based Bank Facilities – Term Loans	15.76 (Reduced from 18.64)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+; ISSUER NOT COOPERATING (IVR Double B Plus; Issuer Not Cooperating)	Rating Revised; Removed from Issuer Not Cooperating	Simple
Long term fund-based Bank Facilities – Cash Credit	32.15	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+; ISSUER NOT COOPERATING (IVR Double B Plus; Issuer Not Cooperating)	Rating Revised; Removed from Issuer Not Cooperating	Simple
Long term fund-based Bank Facilities – Proposed Cash Credit	2.88	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Short term fund-based Bank Facilities – Bills Discounting under LC	8.00	IVR A3	IVR A4+; ISSUER NOT COOPERATING (IVR A Four Plus Issuer Not Cooperating)	Rating Revised; Removed from Issuer Not Cooperating	Simple
Short term Non-fund based Bank Facilities	1.00	IVR A3	IVR A4+; ISSUER NOT COOPERATING (IVR A Four Plus Issuer Not Cooperating)	Rating Revised; Removed from Issuer Not Cooperating	Simple



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	59.79				
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Details of facilities are in Annexure 1

Detailed Rationale

The rating upgrade of Shri Bajrang Alliance Limited (SBAL) considers the improvement in overall financial risk profile and strategic linkages between SBAL and Shri Bajrang Power and Ispat Ltd (SBPIL), the flagship company of the Goel Group. Further rating continues to derive comfort from extensive experience of promoters with an established presence in steel industry, linkages with group companies and moderate financial risk profile. However, these rating strengths remain constrained by large contingent liabilities and high competition and cyclicalities in the steel industry.

Key Rating Sensitivities:

Upward Factor:

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

Downward Factor:

- Decline in profitability leading to further weakness in liquidity

Detailed Description of Key Rating Drivers

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



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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.

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 of the Company remained at same level to 0.54x as on March 31, 2021 from 0.51x as on March 31, 2020. The TOL to ATNW stood healthy at 0.76x as on March 31, 2021 as against 1.51x as on March 31, 2020. The Interest coverage ratio stood healthy at 2.07x in FY21 as against 1.78x in FY20.

Key Rating Weaknesses

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 INR967.68 crore in FY20 to INR1133.23 crore in FY21. 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



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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.

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 average working capital limit utilisation also remained moderate at ~47% during the past twelve months ended November 2021 indicating moderate liquidity buffer.

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



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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	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	171.25	213.73
EBITDA	3.31	9.08
PAT	0.82	2.18
Total Debt	46.69	57.98
Tangible Net Worth	51.26	62.57
EBITDA Margin (%)	1.93	4.25
PAT Margin (%)	0.48	1.02
Overall Gearing Ratio (x)	0.51	0.54

* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: Nil

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated: November 13, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Dated: September 08, 2020)	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Facilities – Term Loans	Long Term	15.76	IVR BBB-/ Stable	IVR BB+; ISSUER NOT COOPERATING	IVR BB+/ Stable	-
2.	Fund Based Facilities – Cash Credit	Long Term	32.15	IVR BBB-/ Stable	IVR BB+; ISSUER NOT COOPERATING	IVR BB+/ Stable	-
3.	Fund Based Facilities –	Long Term	2.88	IVR BBB-/ Stable	-	-	-



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Dated: November 13, 2021)	Date(s) & Rating(s) assigned in 2020-21 (Dated: September 08, 2020)	Date(s) & Rating(s) assigned in 2018-19
	Proposed Cash Credit						
4.	Fund-based Bank Facilities – Bills Discounting under LC	Short Term	8.00	IVR A3	IVR A4+; ISSUER NOT COOPERATING	IVR A4+	-
5.	Non-fund based Bank Facilities – BG	Short Term	1.00	IVR A3	IVR A4+; ISSUER NOT COOPERATING	IVR A4+	-

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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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.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities – Term Loans	-	-	Upto 2025	15.76	IVR BBB-/ Stable
Long Term Fund Based Facilities – Cash Credit	-	-	-	32.15	IVR BBB-/ Stable
Long term fund-based Bank Facilities – Proposed Cash Credit	-	-	-	2.88	IVR BBB-/ Stable
Short term fund-based Bank Facilities – Bills Discounting under LC	-	-	-	8.00	IVR A3
Short term Non-fund based Bank Facilities – BG	-	-	-	1.00	IVR A3

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

Annexure 3: Facility wise lender details ([Facility wise lender name - Shri Bajrang Alliance Ltd](#))

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.