



Press Release

Vakrangee Metal and Minerals Private Limited

March 04, 2025

Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	98.43	IVR BBB-; Stable (IVR Triple B minus with Stable outlook)	-	Assigned	Simple
Total	98.43 (Rupees Ninety-Eight Crore and Forty-Three Lakhs 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 rating assigned to the bank facilities of Vakrangee Metal and Minerals Private Limited (VMMPL) derives comfort from its experienced promoter, locational advantage of the plant being located in Raipur, Chhattisgarh. The rating also considers VMMPL's satisfactory capital structure with moderate debt protection metrics. However, these rating strengths are partially offset by VMMPL's initial stage of operation, elongated working capital cycle, exposure to intense competition and exposure to cyclicalities in the steel industry.

The stable outlook reflects that the company will continue to benefit from the experience of its promoters in the iron and steel industry and expected improvement in the business performance in the near term on the back of healthy demand outlook.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with improvement in topline and/or improvement in profitability with consequent improvement in gross cash accruals.
- Improvement in the capital structure with improvement in debt protection metrics.

Downward Factors

- Sustained moderation in scale of operations with moderation in profitability impacting the debt coverage indicators.
- Withdrawal of subordinated unsecured loans and/or any unplanned capex leading to moderation in the capital structure with moderation in overall gearing ratio to above 3x.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters**

The promoters of the company belong to Bohra family along with family of founders of Agrasen Group and Bhatia Group. Agrasen Group is one of the leading steel players in Chhattisgarh with multiple companies under its fold. The group has a sound financial profile. Bhatia Group is one of the leading liquor manufactures in Chhattisgarh with business interests in diverse industries such as agriculture, steel, packaging, and solar power. Association with such big business groups enhances the financial flexibility of VMMPL to an extent. Moreover, established market position with diverse marketing arrangement of these groups also supports the business profile of the entity.

- **Locational advantage**

The manufacturing facilities of the company is in Tilda, Raipur, Chhattisgarh which is known as steel hub and is in close proximity to various manufacturers of iron and steel products. Further, the company has ease of access to raw materials as the plant site is well connected by road and rail to all major big cities and towns. This ensures timely availability of raw materials, which helps in improving the efficiency in production. The presence in steel belt reduces the business risk to an extent.

- **Satisfactory capital structure with moderate debt protection metrics**

The capital structure of the company remains satisfactory marked by long term debt equity ratio and overall gearing ratio at 0.90x and 1.66x respectively as on March 31, 2024 (considering subordinated unsecured loan from promoter director and their relatives to the tune of Rs.26.85 crore as on March 31, 2024, as a quasi-equity). The debt coverage indicator stood comfortable with ICR of 2.56x in FY2024 [FY refers to period from April 1, to March 31]. Total debt/EBITDA and Total debt / GCA stood moderate at 6.03x and 9.48 years respectively as on March 31, 2024.

- **Diversification in business portfolio.**

Since its inception, the company has been guided by a vision to diversify its product portfolio leading to the continuous division of operations into specialized departments such as the Railway, Pole, Solar, and TLT Divisions, ensuring smooth and uninterrupted production.

Key Rating Weaknesses

- **Initial stage of operation**



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The company started its operation in October 2023 hence has a small track record of operation. However, notwithstanding its small track record, the company has achieved revenue of Rs.57.94 crores in H2FY24 on account of growing demand for iron and steel industry. Further, the company has achieved revenue of ~Rs.152 crores in 10MFY2025. The sustenance in the growth of the revenue will be a key rating monitorable.

- **Elongated working capital cycle**

VMMPL's operations are working capital intensive in nature reflected by a higher inventory holding period around 123 days in FY24. The net operating cycle stood at 87 days in FY24 with an increase in inventory holding period. Its collection period stood comfortable at 19 days in FY24, while the creditor days remained at 56 days in FY24.

- **Exposure to intense competition.**

The steel manufacturing businesses is characterised by intense competition across the value chain due to low product differentiation, and consequent intense competition, which limits the pricing flexibility of the players, including VMMPL.

- **Exposure to 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.

Analytical Approach: Standalone

Applicable Criteria:

[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](#)

Liquidity – Adequate

The liquidity of the company is expected to remain adequate marked by its expected healthy cash accruals against its debt repayment obligation in the near term. The company has projected to earn gross cash accrual in the range of Rs.11.98 crore to Rs.12.64 crore vis-à-vis its debt repayment obligation of Rs.2.66 crore to Rs.4.41 crore in FY25 to FY27. The overall gearing remained moderate at 1.66x as on March 31, 2024 (considering subordinated



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unsecured loan to the tune of Rs.26.65 crore as quasi equity) indicating a moderate gearing headroom. The average CC utilization stood moderate at ~87% for the last 9 months ended December 2024 indicating limited liquidity buffer.

About the Company

Raipur, Chhattisgarh based, Vakrangee Metal and Minerals Private Limited (VMMPL) was incorporated on September 10, 2019. VMMPL is promoted by Mr. Manish Bohra along with family members of two major business group of Chhattisgarh, Agrasen group and Bhatia group. The company is engaged in processing of Galvanizing and manufacturing of iron and steel products such as pole, solar, TLT, crash barriers, railway structures, etc. with a capacity of 30000 MTPA from October 2023 onwards

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2023	31-03-2024^
	Audited	Audited
Total Operating Income	0.56	57.94
EBITDA	0.00	9.47
PAT	0.00	-0.79
Total Debt	19.22	57.06
Tangible Net Worth	8.94	7.75
Adjusted Tangible Net Worth	14.23	34.40
EBITDA Margin (%)	0.22	16.34
PAT Margin (%)	0.56	-1.35
Overall Gearing Ratio (x)	1.35	1.66
Interest Coverage (x)	NM	2.56

* Classification as per Infomerics' standards.

^VMMPL started its operation from October 2023 onwards.

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	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
1.	Term Loan 1	Long Term	18.95	IVR BBB-; Stable	-	-	-
2.	Term Loan 2	Long Term	5.23	IVR BBB-; Stable	-	-	-



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
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3.	Term Loan 3	Long Term	5.35	IVR BBB-; Stable	-	-	-
4.	WCTL	Long Term	3.90	IVR BBB-; Stable	-	-	-
5.	Cash Credit	Long Term	65.00	IVR BBB-; Stable			

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly known as Infomerics Valuation and Rating Pvt Ltd] 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).

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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 1	-	-	-	Oct 2032	18.95	IVR BBB-; Stable
Term Loan 2	-	-	-	March 2030	5.23	IVR BBB-; Stable
Term Loan 3	-	-	-	July 2030	5.35	IVR BBB-; Stable
WCTL	-	-	-	Jan 2027	3.90	IVR BBB-; Stable
Cash Credit	-	-	-	-	65.00	IVR BBB-; Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-VMMPL-mar25.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.