



## Press Release

### Shri Bajrang Alliance Limited (SBAL)

March 28, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	25.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Negative (IVR Triple B with Negative Outlook)	Outlook revised from Negative to Stable	<a href="#">Simple</a>
<b>Total</b>	<b>25.00</b> <b>(Rs. Twenty Five crore only)</b>				

**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

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of SBAL reflect improvement in total operating income in FY24. The rating continues to derive strength from experienced promoters and long track record of operations and linkages with group companies. However, these rating strengths are partially offset by weak operating profitability, moderate capital structure and high competition and cyclical nature in the steel industry.

The outlook has been revised from Negative to Stable with positive EBITDA levels over FY23 and FY24 as well as 9MFY25 and Infomerics expectations of maintaining positive EBITDA over FY25-FY27.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial and sustained improvement in profitability while maintaining the current credit profile.

##### Downward Factors

- Inability to turnaround the operating profitability
- Weakening of linkages with SBIPL and/or weakening of credit profile of SBIPL.



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Improvement in total operating income in FY24**

Total operating income of the company has increased by ~9% to Rs.569.91 crore in FY24 (period refers from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024) as against Rs.523.73 crore in FY23 as SBAL started trading of rice and maize to its group/related entity i.e. Shri Bajrang Chemical LLP and this was the prime reason for such increase. However, total operating income has decreased by ~7% to Rs.317.93 crore in 9MFY25 against Rs.343.38 crore in 9MFY24, due to decrease in trading sales and also due to sale of structural steel during 9MFY25.

- **Experienced promoters with an established presence in steel industry**

SBAL was promoted by the Goel family in 1990. The promoters have extensive industry experience of around three decades in the Steel Industry and have other steel manufacturing company namely Shri Bajrang Power and Ispat Limited (SBPIL) (rated IVR A+/ Stable / IVR A1 dated March 28, 2025). Mr Anand Goel is the Managing Director of the company accompanied by Mr Narendra Goel (Director) and Mr. Archit Goel (Director) are highly qualified, experienced and accomplished professionals, adding credence in the governance of the company.

- **Linkages with group companies**

SBAL has operational linkages with SBPIL, the flagship company of Goel Group, for sourcing of raw materials i.e. Billet. Further, SBAL has invested 4.82% in SBPIL and also has common directors.

#### Key Rating Weaknesses

- **Weak operating Profitability**

SBAL's profitability has declined as EBITDA margin and PAT margin have declined to 0.81% and 0.54% respectively in FY24 (P.Y.: 2.09% and 1.05% respectively), mainly on



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account of increase in raw material of steel and agro division and also low margin in trading activities. Further, profitability has remained low in 9MFY25 as EBITDA margin and PAT margin stood at to 0.81% and 0.36% respectively in FY24 (P.Y.: 0.71% and Nil respectively).

- **Moderate capital structure**

The capital structure as derived by overall gearing ratio on Adjusted Tangible Net Worth (including Corporate Guarantee) stood high at 6.27x as on March 31, 2024 (P.Y.: 65.34x), SBAL has given corporate guarantee to Shri Bajrang Distillery Chemical LLP (group/related entity) (rated as IVR BBB-/ Stable dated March 28, 2025) of Rs.221.14 crore.

- **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

**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 position of the company remains adequate marked by sufficient cash accruals as against nil obligations during projected period (FY25 to FY27). The free cash and cash equivalents balance stood at Rs.1.43 crore as on March 31, 2024, while average working



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capital utilisation for the 12 months ended December 2024 remained at comfortable levels at ~20%. Current ratio stood low at 1.03x as on March 31, 2024 (P.Y.: 1.06x), due to high current liabilities which mainly includes advances from customers.

### About the Company

SBAL is one of the largest structural rolling mill in the state of Chhattisgarh since its incorporation in the year 1990 overseen by Goel Group. The company has two main division – steel manufacturing and food division. Their manufacturing facility located at Raipur.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	523.73	569.91
EBITDA	10.96	4.63
PAT	5.51	3.13
Total Debt	54.16	59.45
Tangible Net Worth	52.11	54.84
EBITDA Margin (%)	2.09	0.81
PAT Margin (%)	1.05	0.54
Overall Gearing Ratio (x)	1.64	1.33
Interest Coverage (x)	4.33	4.42

\* 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 (2024-25)				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	Date(s) & Rating(s) assigned in 2021-22
						February 22, 2024	February 8, 2023	March 12, 2022
1.	Long Term Facilities	Long Term	25.00	IVR BBB/ Stable	IVR BBB/ Negative (May 10, 2024)	--	--	--



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						February 22, 2024	February 8, 2023	March 12, 2022	
2.	Long Term Facilities	Long Term	--	--	Withdrawn (April 30, 2024)	IVR BBB/Negative	IVR BBB/Stable	IVR BBB/Stable	
3.	Short Term Facilities	Short Term	--	--	Withdrawn (April 30, 2024)	IVR A3+	IVR A3+	IVR A3+	

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. 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](http://www.infomerics.com).



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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
Cash Credit	-	-	-	-	25.00	IVR BBB/ Stable

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-BajrangAlliance-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/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](http://www.infomerics.com).