

## Shri Shyam Ispat (India) Private Limited

Instrument	Amount	Rating Action
Term Loans	Rs. 32.83 crore	[ICRA]BBB (Stable); assigned
Fund-Based Limits (Cash Credit)	Rs. 20.00 crore	[ICRA]BBB (Stable); assigned
Non-Fund Based Limits	Rs. 5.17 crore	[ICRA]A3+; assigned

ICRA has assigned an [ICRA]BBB (pronounced ICRA triple B) rating to the Rs. 32.83 crore term loans and Rs. 20.00 crore<sup>1</sup> fund-based bank facilities of Shri Shyam Ispat (India) Private Limited (SSIPL).<sup>2</sup> The Outlook assigned to the long-term rating is 'Stable'. ICRA has also assigned an [ICRA]A3+ (pronounced ICRA A three plus) rating to the Rs. 5.17 crore non-fund based bank facilities of SSIPL.

While assigning the ratings, ICRA has taken into consideration the consolidated operational and financial profile of the Singhal group, which includes Singhal Energy Private Limited (SEPL), Singhal Enterprises Private Limited, Raigarh Unit (SEPLR) and Shri Shyam Ispat (India) Private Limited (SSIPL), because of the strong managerial, operational and financial linkages among the group companies.

The assigned ratings take into account the long track record of Singhal group in the steel business and SSIPL's integration within the group for supply of the sponge iron and power, which reduces its business risk to an extent. The ratings are also supported by SSIPL's established linkages for key raw materials like iron ore and coal, which reduces the risk associated with raw material availability to a large extent and SSIPL's partially integrated nature of operations in steel making, which supports its operating profitability to an extent. The ratings are, however, constrained by the ongoing slowdown in the steel sector, which is likely to impact SSIPL's growth and profitability in the short term and a moderate size of SSIPL's operations at present, though a significant growth was witnessed in 2014-15. The ratings are also impacted by SSIPL's working capital intensive nature of operations, increase in which could adversely impact its liquidity position and SSIPL's exposure to the cyclical nature associated with the steel industry is likely to keep its profitability and cash flows volatile in future.

### Company Profile

SSIPL, a closely held company was set up in 1991 by the Raigarh based Singhal group. The operations of the company along with its group companies are managed by Mr. Sanjay Agarwal and Mr. Ajay Agarwal. The plant of the company is located at Village: Taraimal, Raigarh (CG). SSIPL has facilities for manufacturing sponge iron, billets and power with an annual capacity of 90,000 MT, 35,200 MT and 18 MW per annum respectively.

The Singhal group on a consolidated level, has production facilities for sponge iron, billets/blooms, ferro alloys and power with annual capacities of 403,500 MT, 131,200 MT, 30,600 MT and 34 MW respectively.

### Recent Results

In 2014-15, as per the audited financial statements, SSIPL reported an operating income of Rs. 163.21 crore and a net profit of Rs. 5.41 crore, as against an operating income of Rs. 138.59 crore and a net profit of Rs. 4.76 crore in 2013-14. During the first nine months in 2015-16, as per the provisional estimates, the company reported an operating income of Rs. 115.49 crore and a profit before tax of Rs. 6.20 crore.

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<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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