

## Sivana Steel And Power Private Limited

March 06, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	11.69	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

Sivana Steel and Power Private Limited (SSPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on SSPL's bank facilities will now be denoted as **CARE B; Stable/CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of significant moderation in financial performance during 8MFY25 (FY refers to the period April 01 to November 30) on account of closure of the unit for around 4 months albeit stable performance in FY24. Further, the rating continues to remain constrained by its moderate capital structure and debt protection metrics, cyclical nature of the steel industry, exposure to volatility in raw material prices and intense competition in the industry.

However, the weaknesses are partially offset by promoter's long presence in the steel industry.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on March 07, 2024, the following were the rating strengths and weaknesses (updated for the information available from the company).

#### Key weaknesses

##### Stable financial performance in FY24 albeit moderation in 8MFY25

TOI of the company has increased from Rs.110.89 crore in FY23 to Rs.193.97 crore in FY24 on account of increase in volume sold. However, the PBILDT margin has moderated from 3.32% in FY23 to 2.23% in FY24 on account of decline in realization. PAT margin has also moderated inline with moderation in operating margin from 0.67% in FY23 to 0.50% in FY24.

During 8MFY25, the company reported TOI of Rs. 48.29 crore. The plant was shut down from August 20, 2024, for maintenance work and restarted its operation from December 01, 2024. As a result, the TOI and profitability for FY25 is expected to moderate.

##### Exposure to volatility in raw material prices

Raw-material and power are major cost driver for SSPL. Over the last three years raw material consumption remained in the range of 80%-84% of total cost of sales and power cost remained in the range of 10% - 17% of total cost of sales. Major raw materials required are sponge iron, pig iron and scrap which the company procures locally, and power is sourced from Jindal Steel & Power Limited. Since the raw-material is the major cost driver, the prices of which are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material and finished goods prices.

##### Cyclical nature of the steel industry

Steel is a cyclical industry, strongly correlated to economic cycles since its key users i.e., construction, infrastructure, automobiles and capital goods are heavily dependent on the state of the economy. Fall in demand in any of these sectors directly impacts the demand of steel products.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

\*Issuer did not cooperate; based on best available information.

### Moderate capital structure and debt coverage metrics

Though the capital structure of the company has improved marked by improvement in overall gearing from 3.42x as on March 31, 2023, to 2.86x as on March 31, 2024, it continues to be moderate.

TD/GCA has improved to 14.58x as on March 31, 2024, as against 18.95x as on March 31, 2023, on account of reduction in term loan due to repayment, however, continues to remain moderate. Interest coverage ratio has also slightly improved from 1.61x in FY23 to 1.73x in FY24.

### Intensely competitive industry

Mild steel billets manufacturing business is highly fragmented and competitive in nature due to presence of many small and medium players in this sector owing to its low entry barriers and due to low capital requirement. High competition restricts the pricing flexibility of the industry participants and inserting pressure on the profitability.

### Key strengths

#### Promoters' long presence in the steel industry

Neeraj Aggarwal has over a decade of experience in similar line of business, and he looks after the day-to-day operation of the company. He is supported by Divya Aggarwal and a team of professionals.

### Liquidity: Stretched

Liquidity has been marked stretched on account of high repayment obligation against tightly matched cash accruals and high utilization of its working capital limits. During FY24, the company had a repayment obligation of Rs.1.05 crore against which the company generated cash accruals of Rs.1.78 crore. Further, the average utilisation of the working capital limit has been around 90% to 100% during the past 12 months ended January 2025 as confirmed by the lender.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Iron & Steel](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

SSPL was incorporated on January 11, 2017, and is promoted by Mr. Neeraj Aggarwal. The company started its commercial operation in July 2017. The manufacturing unit of the company is in Raigarh, Chhattisgarh. The company had been engaged in manufacturing of mild steel ingots with an installed capacity of 60,000 metric tons per annum. September 2022 onwards, the company has changed its production line to mild steel billets from existing mild steel ingots by installing concast machine to its existing induction furnace.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	8MFY25 (UA)
Total operating income	110.89	193.97	48.29
PBILDT	3.68	4.33	NA
PAT	0.74	0.96	NA
Overall gearing (times)	3.42	2.86	NA
Interest coverage (times)	1.61	1.73	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Acuite (SMERA) has continued the rating of SSPL under issuer not cooperating on account of unavailability of information vide press release dated March 07, 2024.

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	11.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	October' 2026	0.69	CARE B; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	11.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Mar-24)	1)CARE BB-; Stable (08-Mar-23)	1)CARE BB-; Stable (14-Mar-22)
2	Fund-based - LT-Term Loan	LT	0.69	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Mar-24)	1)CARE BB-; Stable (08-Mar-23)	1)CARE BB-; Stable (14-Mar-22)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated facilities:** Not Applicable

#### Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

#### Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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### About us:

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### Disclaimer:

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