

Shree Shyam Corporation

July 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	24.00	CARE BB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Shree Shyam Corporation (SSC) remains constrained by thin profitability margins associated with trading nature of business and profitability remains susceptible to fluctuation in traded goods price with cyclical nature of steel industry. The ratings further remains constrained with SSC's presence in fragmented nature of steel industry leading to intense competition, working capital intensive nature of business and partnership nature of constitution.

The ratings, however, derives strength from experienced promoters and established track record of operations of the firm in the steel trading business, established relationship suppliers and moderately diversified product portfolio. The ratings also factor in growing scale of operations and moderate capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in Total Operating Income (TOI) above Rs.850 crore and Profit Before Interest, Lease Rental, Depreciation and Tax (PBILDT) margin beyond 2.5% on a sustained basis.
- Improvement in capital structure marked by overall gearing below 0.75x.

Negative factors

- Decline in TOI below Rs.500 crore with moderation in PBILDT margin below current level on sustained basis.
- Deterioration in capital structure with significant withdrawal of capital resulting overall gearing ratio going above 1.5x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (Care Edge Ratings) expectation that SSC will continue to derive benefit from its experienced promoters, which shall result in gradual improvement in its financial risk profile.

Detailed description of key rating drivers:

Key weaknesses

Thin profitability margins associated with trading business

SSC's PBILDT margin remained thin, ranging between 1% to 2% over the past five years ended FY25, due to the inherent risks associated with the trading nature of its business. In FY25, the PBILDT margin and PAT margin stood at 1.85% and 1.21%, respectively, compared to 2% and 1.38% in FY24. Margins are expected to remain within a similar range during the projected period.

Working capital intensive nature of business

Trading industry is characterised as a high working capital intensive nature of business with entities needed to maintain a good amount of inventory and to provide higher credit to the customers. SSC has been managing its working capital cycle effectively owing to the terms it commands from its customers and its payments terms with its suppliers.

Profitability susceptible to fluctuation in traded goods price with cyclical nature of steel industry

The steel industry is cyclical in nature and the prices are exposed to market vagaries. Steel sector, being a cyclical industry, is strongly correlated to economic cycles since its key users, viz., construction, infrastructure, automobiles, and capital goods are

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

heavily dependent on the state of the economy and any increase in prices without a corresponding increase in retail price can have an impact on the margins of the firm.

Fragmented nature of steel trading industry leading to intense competition

Indian steel industry is fragmented and competitive especially in the downstream segment with low level of product differentiation which results into very high competition leading to lower bargaining power with the customers. The steel trading industry is characterised by low-entry barriers due to the minimal capex requirements and the easy availability of technology, which has resulted in a proliferation of several small and large traders spread across the country. The widespread demand for steel and the small quantities in which retail customers consume, has also led to increase in the number of players in this industry. The highly fragmented nature of the industry has resulted in intense competition within the industry, resulting in very thin profit margins.

Partnership nature of constitution

SSC's constitution as a partnership firm restricts its overall financial flexibility in terms of limited access to external fund and ability to absorb losses or financial exigencies. Furthermore, there is an inherent risk of possibility of withdrawal of capital. The partner had withdrawn the capital to the tune of Rs.3.09 crore during past two years ended March 2025.

Key strengths

Experienced promoters and established track record of operations

SSC is a partnership firm based in Ahmedabad, Gujarat, established on June 17, 2004, by Mr. Surendra Sharma and Mr. Ravindra Yadav. The firm was subsequently reconstituted in 2008 and 2017. It is currently managed by Mr. Surendra Sharma, Mr. Ravindra Yadav, Mr. Narayan Nohal, and Mr. Manoj Purohit. The promoters bring over two decades of experience in the steel trading industry, through SSC and other group entities.

Growing scale of operations

SSC's TOI grew significantly from Rs.237.61 crore in FY20 to Rs.707.48 crore in FY25, reflecting a compound annual growth rate (CAGR) of 24% over the five-year period ending FY25. This growth is primarily attributed to the firm's consistent expansion through the establishment of new warehouse facilities across various regions of Gujarat.

Moderate capital structure and debt coverage indicators

The firm's capital structure remained moderate, with an overall gearing ratio of 1x as of FY25-end, from 0.78x at FY24-end. This increase is primarily due to the utilization of working capital limits to support the increasing scale of operations, alongwith a moderate net worth of Rs.51.19 crore in FY25 (PY: Rs.43.42 crore).

Debt coverage indicators also remained moderate, with a total debt to gross cash accruals (TD/GCA) ratio of 5.55x in FY25 (PY: 3.53x) and a PBILDT to interest coverage ratio of 3.17x in FY25 (PY: 3.45x).

Moderately diversified product portfolio

SSC has a versatile product base comprising GI & GP Pipes, GS Pipes, HR coils, flat sheets, Steel Pipes & Tubes ranging from 0.70 mm to 2.25 mm in thickness and other steel products. SSC predominantly trades in GP pipes and Steel tubes and pipes, which contribute approx. 30% of its revenue.

Established relationships with suppliers

The firm procures over 80% of its raw material from several reputed industry players, including ArcelorMittal Nippon Steel India Private Limited and Apollo Group entities such as APL Apollo Tubes Limited, APL Apollo Building Products Private Limited, and Apollo Metalex Private Limited.

3.1 Liquidity: Stretched

SSC's liquidity remained stretched marked by negative cashflow from operations, low free cash and bank balance and high utilization of working capital limits at selected period owing to working capital intensive nature of business.

The firm reported negative cash flow from operations amounting Rs.10.42 crore as on March 31, 2025 (Rs.5.66 crore as on March 31, 2024) due to increase in inventory and advances to suppliers at year end. The firm has free cash and bank balance of Rs.0.06 crore as on March 31, 2025 (Rs.0.04 crore as on March 31, 2024).

The maximum working capital utilization of limits remained at 85% however average utilization remained moderate at 66% during the twelve months ended April 2025.

SSC reported gross cash accruals (GCA) of Rs.9.21 crore in FY25 against Nil debt repayment obligation for FY26. Further, operating cycle of the firm remained moderate at 41 days as on FY25 end from 36 days as on March 31, 2024, owing nature of trading business which is inherently working capital intensive due to high inventory holding.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Wholesale Trading](#)

[Financial Ratios – Non financial Sector](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Shree Shyam Corporation (SSC) is a partnership firm based in Ahmedabad, Gujarat, established on June 17, 2004, by Mr. Surendra Sharma and Mr. Ravindra Yadav. The firm was subsequently reconstituted in 2008 and 2017. It is currently managed by Mr. Surendra Sharma, Mr. Ravindra Yadav, Mr. Narayan Nohal, and Mr. Manoj Purohit. The promoters bring over two decades of experience in the steel trading industry, through SSC and other group entities.

SSC is engaged in the trading of GI & GP Pipes, GS Pipes, HR coils, flat sheets, Steel Pipes & Tubes ranging from 0.70 mm to 2.25 mm in thickness, along with other steel products. The firm caters to a wide range of industries, including infrastructure, roads, solar energy, power, and construction.

SSC operates in four key regions of Gujarat—Ahmedabad, Surat, Rajkot, and Mehsana and maintains warehouse facilities at each location to ensure efficient distribution and inventory management.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	590.90	645.65	707.48
PBILDT	5.95	12.88	13.11
PAT	5.75	8.91	8.54
Overall gearing (times)	0.90	0.78	1.00
Interest coverage (times)	2.31	3.45	3.17

A: Audited Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

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 instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	24.00	CARE BB+; Stable

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	24.00	CARE BB+; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/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

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Sajni Shah Assistant Director CARE Ratings Limited Phone: 079-40265636 E-mail: Sajni.Shah@careedge.in Devangi Shah Lead Analyst CARE Ratings Limited E-mail: Devangi.shah@careedge.in
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About us:

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