

Supershakti Metaliks Limited

July 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	62.00	CARE BBB+; Stable	Reaffirmed
Short Term Bank Facilities	50.80	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in the rating assigned to the bank facilities of Supershakti Metaliks Limited (SML) derives strength from extensive experience of promoters in the iron and steel industry, strategic location of plant, satisfactory capacity utilization, satisfactory financial performance marked by stable scale of operations amid low profitability margin, comfortable capital structure & debt coverage indicators marked by low reliance on external debt.

The rating is however, constrained by cyclical nature of the steel industry and profitability susceptible to volatility in the prices of raw materials and finished goods. The rating is also tempered by high and increasing exposure to its group companies in the form of investments, unsecured loans and corporate guarantee.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustenance of scale of operations with improvement in operating margins on sustained basis.
- Substantial reduction in exposure to group company leading to build of liquidity in the company.

Negative factors

- Deterioration in the capital structure as marked by overall gearing ratio above 0.50x.
- Any major debt funded capex.
- Any further increase in fund based exposure (other than increase due to MTM) to group companies exerting pressure on credit profile of SML.

Analytical approach: Standalone; factoring linkages with Sai group.

Outlook: Stable

The company is expected to sustain its operational performance amidst robust demand of steel products in the domestic market. Further, negligible debt repayment obligations coupled with absence of debt funded capex in the medium term is expected to support its comfortable capital structure and debt coverage indicators.

Detailed description of key rating drivers:

Key strengths

Extensive experience of promoters in the iron and steel industry

SML is part of Sai Group promoted by Mr. Sitaram Agarwal who has an experience of more than three decades in the iron and steel industry. The day-to-day operations of SML are looked after by Mr. Dilipp Agarwal and Mr. Deepak Kumar Agarwal (sons of Mr. Sitaram Agarwal), having experience of over two decades in the steel industry. Further, they are supported by a team of professionals.

Strategic location of plant

The plant location is favorable in terms of ready availability of raw materials. Since, the neighbouring states like Jharkhand and Odisha are enriched with iron ore it ensures abundant supply of raw materials in the nearby area resulting in cheaper transportation cost. SML has procured around 12% (P.Y. 33%) and 63% (P.Y. 64%) of its raw materials requirements (mainly sponge iron) from its group companies Super Smelters Limited (SSL) and Giridhan Metal Private Limited (GMPL) respectively in FY25 which is at a distance of only 35-40 km from SML's plant. Moreover, SML's customers are largely located in the state of West Bengal resulting in low transportation cost and timely delivery of products.

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

Satisfactory capacity utilization

The company has added additional capacity of 54,750 MT and 13,550 MT for billets and rolled products respectively in FY25 on account of upgradation of some existing machineries which has enhanced the capacity. The capacity utilization (CU) of billets stood at 84% in FY25 vis-à-vis 104% in FY24 was due to lesser maintenance shutdown undertaken by the company during FY24 as well as additional production from trial run of new capacity. The CU of rolled products also increased from 70% in FY24 to 75% in FY25.

Satisfactory financial performance marked by stable scale of operations amid low profitability margin

TOI of SML remained stable at Rs 737.38 crore in FY25 vis-à-vis Rs. 731.54 crore in FY24. Despite increase in y-o-y sales volume by 4% in FY25, the TOI in FY25 remained in line with FY24 in view of decline in sales realization of billets and rolled products. The sales realizations have also witnessed a slight decline to Rs. 39,799/ ton for billets (P.Y. Rs. 41,740/ton) and Rs.45,206/ton for Rolled products (P.Y. Rs. 46,878/ton). Consequently, the PBILDT margin remained low and slightly declined by 15 bps from 2.46% in FY24 to 2.31% in FY25.

In Q1FY26, SML achieved operating margin of 4.09% on TOI of Rs. 171 crores due to improved realization.

Comfortable capital structure & debt protection metrics

SML doesn't have any term loans apart from vehicle loans hence the debt largely constitutes working capital debt. Capital structure of the company continued to remain comfortable with overall gearing of 0.12x as on March 31, 2025, as against 0.11x as on March 31, 2024. TD/GCA moderated from 1.44x in FY24 to 1.76x in FY25 on account of moderation in profits and increase in debt levels due to higher utilisation of working capital limits as on balance sheet date.

Adjusted gearing (including corporate guarantee), the overall gearing of the company stood at 0.41x as on Mar 31, 2025 as similar to Mar 31, 2024.

Key weaknesses

High exposure to group entities: The company has fund-based exposure in group companies in the form of investments and loans & advances. The book value of investments in Giridhan Metal Private Limited (GMPL) stood at Rs 49.30 crore corresponding market value of which stood at Rs 130.46 crore till March 31, 2024, pertains to 19.97% shareholding and the same has increased to 21.35% as on March 31, 2025. As on Mar 31, 2025, the book value of investment stood at Rs.58.39 crore and market value of investment stood at Rs. 141.92 crore.

SML has also extended interest bearing unsecured loan of Rs 13.94 crore to group company viz Promotional Equity Services Pvt Ltd (PESPL) as on March 31, 2025 (Rs 58.88 crore as on March 31, 2024) and unsecured loan of Rs. 88 crores to GMPL to fund a portion of the equity component of phase 2 capex of GMPL in FY25. Incremental exposure in FY25 amounted to around Rs.52 crore (Rs.9.09 crore towards equity investment and Rs.43 crore as unsecured loan in GMPL). Considering the book value of investments in GMPL along with loans extended to PESPL & GMPL, the fund-based exposure (other than increase due to MTM) increased to 81% of tangible net worth as on March 31, 2025 and as on June 30, 2025 the fund based exposure declined to 77% of tangible net worth.

Apart from fund-based exposure, SML has also provided unconditional and irrevocable corporate guarantee (CG) of Rs.49.30 crore (equivalent to book value of investments in GMPL till FY24) for the bank facilities availed by GMPL which continues till date.

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. The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market.

Profitability susceptible to volatility in raw-material and finished good prices:

Raw-material and power are the major cost driver for SML. The raw material cost accounted for around 76% of the total cost of sales in FY25 and power cost accounted for 13% of total cost of sales in FY25 similar to FY24. Major raw materials required are sponge iron, pig iron and scrap. SML procures sponge iron and pig iron from domestic market while scrap is majorly imported against letter of credit. The company sources power requirement from West Bengal State Electricity Development Corporation Ltd (WBSEDCL). Since the raw-material is the major cost driver and the prices of which are volatile in nature, the profitability of the company is susceptible to fluctuation in raw-material and finished goods prices. However, as the company sources its major raw material (i.e. sponge iron) from group companies, susceptibility of profitability to volatility in the prices of raw materials is mitigated to some extent.

Liquidity: Adequate

The liquidity position of the company is adequate marked by gross cash accruals of Rs 17.75 crore in FY25 as against negligible debt repayment obligations. The average month end utilization of fund-based limits and non-fund-based limits stood at 39% and 74% respectively for the last 12 months ended May 2025.

Environment, social, and governance (ESG) risks: NA
Applicable criteria
[Definition of Default](#)
[Factoring Linkages Parent Sub JV Group](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Iron & Steel](#)
About the company and industry
Industry classification

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

Incorporated in December 12, 2012, Supershakti Metaliks Limited (SML), part of Sai Group promoted by Mr. Sitaram Agarwal. SML is engaged in manufacturing billets and rolled products. The company has added additional capacities of 54,750 MTPA and 13550 MTPA of billets and rolled products respectively in FY25 such that the total annual installed capacity of billets and rolled products stood at 1,97,550 MTPA and 2,65,550 MTPA respectively. Two other manufacturing group companies, Super Smelters Limited and Giridhan Metal Private Limited (GMPL) are located at Jamuria (West Bengal) while third group company Sai Electrocasting Private Limited (SEPL) is located at Koderma (Jharkhand). All the four companies in the group use 'Super Shakti' brand to market their products.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	731.54	737.38
PBILDT	18.01	17.03
PAT	13.41	12.43
Overall gearing (times)	0.11	0.12
Interest coverage (times)	6.50	7.72

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA
Any other information: NA
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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	62.00	CARE BBB+; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	11.00	CARE A2
Non-fund-based - ST-BG/LC	-	-	-	-	39.00	CARE A2
Non-fund-based - ST-Forward Contract	-	-	-	-	0.80	CARE A2

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	62.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (02-Jul-24)	1)CARE BBB+; Stable (06-Jul-23)	1)CARE BBB+; Stable (06-Jul-22)
2	Non-fund-based - ST-BG/LC	ST	39.00	CARE A2	-	1)CARE A2 (02-Jul-24)	1)CARE A2 (06-Jul-23)	1)CARE A2 (06-Jul-22)
3	Non-fund-based - ST-Bank Guarantee	ST	11.00	CARE A2	-	1)CARE A2 (02-Jul-24)	1)CARE A2 (06-Jul-23)	1)CARE A2 (06-Jul-22)
4	Non-fund-based - ST-Forward Contract	ST	0.80	CARE A2	-	1)CARE A2 (02-Jul-24)	1)CARE A2 (06-Jul-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-Forward Contract	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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