



**Press Release**  
**PULKIT METALS PRIVATE LIMITED**  
**February 28, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	46.00	ACUITE A-   Stable   Reaffirmed	-
Bank Loan Ratings	149.40	-	ACUITE A2+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	195.40	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating at '**ACUITE A-**' (read as **ACUITE A Minus**) and short-term rating at '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs.195.40 Cr. bank facilities of Pulkit Metals Private Limited. The outlook is '**Stable**'.

**Rationale for rating**

The rating takes into account the sound business risk profile of the group majorly driven by improvement in revenue and profitability. The revenue from operations of the group stood at Rs.1934.11 Cr. in FY2024 as against Rs.1870.22 Cr. in FY2023. Furthermore, the operating margin of the group increased to 5.64 per cent in FY2024 as compared to 4.49 per cent in FY2023. Likewise, the PAT margins stood at 1.75 per cent in FY2024 as against 1.52 per cent in FY2023. The improvement in margins is attributed to enhanced operational efficiencies on account of backward integration and cost rationalization. In addition, the financial risk profile of the group is healthy marked by healthy networth, comfortable capital structure and moderate debt protection metrics and working capital management is efficient marked by Gross Current Assets days (GCA days) of 101 days for FY2024. The rating also draws comfort from established track record of operations and experienced management with location advantage along with integrated nature of operations. However, these strengths are partially offset by highly commoditised and fragmented nature of the steel industry resulting in intense competition, inherent cyclical nature of the steel industry and the vulnerability of the margins to the volatility in raw material prices. Furthermore, the group is also undergoing major capex which might impact the debt protection metrics slightly and will remain a key monitorable.

**About the Company**

Incorporated in 2010, Pulkit Metals Private Limited (PMPL) is engaged in manufacturing of M.S. billets, and thermomechanically treated bars (TMT). PMPL's manufacturing facility is located in Pondicherry with a production capacity of 1,25,000 MTS billets, and 1,25,000 MTS TMT per annum. PMPL uses continuous casting system where billets can be directly rolled over to TMT production. The day-to-day operations are managed by Mr. Vinod Garg, Mr. Sunil Jindal and Mr. Navratan Satyanarayan Gour.

**About the Group**

Pushpit group (PG) consists of two companies Pushpit steels private limited (PSPL) and Pulkit metals private limited (PMPL). Pushpit Steels Private Limited (PSPL) was incorporated in 1997 with a manufacturing plant located at Srikalahasthi, Chittoor district in Andhra Pradesh and is engaged in manufacturing of M.S Billets, Sponge Iron and thermo mechanically treated (TMT) bars. Pulkit Metals Private Limited (PMPL) was incorporated in 2010 with a manufacturing plant located at Pondicherry and is engaged in manufacturing of M.S Billets, and thermo mechanically treated (TMT) bars.

**Unsupported Rating**

Not applicable

## Analytical Approach

### Extent of Consolidation

- Full Consolidation

### Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Pushpit Steels Private Limited (PSPL), Pulkit Metals Private Limited (PMPL), together referred to as the 'Pushpit Group or Group'. The consolidation is in the view of common management, intercompany holdings, operational linkages between the entities and a similar line of business.

### Key Rating Drivers

#### Strengths

##### Extensive experience of promoters in the steel industry

The Group has an experience of more than three decades in steel manufacturing. The key promoter of the group is Mr. Vinod Garg, who has an experience spanning more than three decades in the iron and steel industry. The extensive experience of the promoter has helped the group establish long-term relationships with its customers for repeat orders and with suppliers for procurements. The senior management team is ably supported by a strong line of mid-level managers who have extensive experience in their respective fields. Over the years of operations, the group has gradually increased its capacities and its integration level, benefiting their day-to-day operations. The steel manufacturing facilities of the group are located in proximity to the sources of key raw materials. Acuité believes that the extensive experience of the promoters with a strong understanding of market dynamics, healthy relations with customers and suppliers, and a positive domestic demand outlook will continue to benefit the business profile of the group over the medium term.

##### Strong Business Risk Profile

The revenue of the group has improved to Rs.1934.11 Cr. in FY2024 as compared to revenues of Rs.1870.22 Cr. in FY2023. The operating margin of the group increased to 5.64 per cent in FY2024 as compared to 4.49 per cent in FY2023. Likewise, the PAT margins stood at 1.75 per cent in FY2024 as against 1.52 per cent in FY2023. The improvement is driven by lower raw material expenses in FY2024 as compared to the previous year. Further, the integrated operations have helped the group to maintain comfortable operating and profit margins. The group has registered a revenue of Rs.1495.54 Cr. till 31st December, 2024.

Further, the group has embarked on a backward integration project in order to fully integrate the facility, expanding the capacity of Sponge Iron, Steel Melting Shop (MS Billets) and the additional captive power plant within Pushpit Steels Private Limited which is expected to support in improving the turnover and profitability of the group going forward. Additionally, the group has entered into lease based agreement for solar and wind power projects in both Pushpit Steels Private Limited and Pulkit Metals Private Limited. The solar plant is expected to commence operations in FY2026 while the wind plant is expected to start operations in FY2027. Acuité expects the scale of operations of the group to be improved in near to medium term backed by enhanced production capacity through capacity expansion along with addition of power projects.

##### Healthy financial risk profile

The group's financial risk profile is marked by healthy network, comfortable capital structure and moderate debt protection metrics. The tangible net worth of the group increased to Rs.417.03 Cr. as on March 31, 2024 from Rs.341.03 Cr. as on March 31, 2023 due to equity infusion under Pushpit Steels Private Limited as well as accretion of profits into reserves. The capital structure of the group is marked by gearing which stood comfortable at 1.12 times as on March 31, 2024 as against 1.34 times as on March 31, 2023. The debt protection metrics remained moderate marked by interest coverage ratio (ICR) of 2.90 times and debt service coverage ratio (DSCR) of 1.71 times for FY2024. Furthermore, the group has an ongoing debt funded capex plan in order to fully integrate their facility, expanding the capacity of Sponge Iron, Steel Melting Shop (MS Billets) and the additional captive power plant within Pushpit Steels Private Limited which might impact the debt protection metrics slightly and will remain a key monitorable. In addition, the net cash accruals to total debt (NCA/TD) stood at 0.13 times in FY2024 as against 0.11 times in FY2023 and Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.36 times as on March 31, 2024 as against 1.71 times as on March 31, 2023. Acuité expects that going forward the financial risk profile of the group may moderate yet remain in a healthy position over the medium term on account of debt funded capex plans.

##### Efficient working capital operations

The working capital management of the group is efficient marked by Gross Current Assets (GCA) of 101 days for FY2024 as compared to 109 days for FY2023. The inventory days of the group stood at 46 days in FY2024 as compared to 66 days in FY2023. Further, the debtor days of the group stood at 52 days for FY2024 as against 42 days for FY2023. Against this, the group has minimal creditors, which stood at 13 days as on March 31, 2024. The average fund based and non-fund based utilization of the group stood at 74.10% and 56.31% respectively over last

six months ended December 2024. Acuité expects that the working capital operations of the group will remain at the similar levels over the medium term.

## **Weaknesses**

### **Susceptibility to fluctuations in raw material prices or changes in government regulations**

The group's operating profitability is susceptible to fluctuations in raw material prices. The sector participants typically have high operating and financial leverage, large working capital requirements, and large-sized debt capital funding from the capex. Domestic steel producers are substantially dependent on imports of coking coal, and hence, any supply-side issue could have a material impact on utilization and profitability. In addition, metal prices are heavily dependent on international prices, as the domestic market is open for imports. Hence, any changes in the economic policies that could impact infrastructure spending or the easing of environmental norms can materially impact metal prices. Acuité believes that increasing scale would result in better absorption and higher margins, which would remain key rating monitorable.

### **Susceptibility to cyclicality in the steel industry and end-user industry**

The domestic steel sector is characterized by demand cyclical, volatility in raw material and metal prices, high regulatory risk, and the risk of imports. Group operates in the cyclical steel industry, thus making it vulnerable to downturns in industry demand, leading to a decline in realizations and profitability. Moreover, the bulk of its revenue is derived from the cyclical domestic end-use industry; demand depends on economic growth and consumer sentiments, and thus any decline in demand can also have an adverse impact on sales and profitability for the group. Demand for steel products depends on the level of construction and infrastructure activities and any movement in economic cycles. Furthermore, the steel industry remains exposed to global steel prices. While the cost-efficient and integrated domestic steel operations of the company partially cushion profitability against cyclical downturns, it will remain exposed to inherent price and demand volatility in the steel industry. Acuité believes that domestic consumption growth will continue in medium term, underpinned by demand growth from construction, real estate, automobiles, and consumer durables segments. High government spending on infrastructure, private sector capex, and the availability of credit will support demand growth in the end-user segment.

## **Rating Sensitivities**

- Growth in the scale of operations while improving profitability margins.
- Movement in DEBT/EBITDA and debt protection metrics.
- Working capital management.
- Timely completion of ongoing capital expenditure

## **Liquidity Position**

### **Adequate**

The group has adequate liquidity marked by net cash accruals of Rs.60.88 Cr. as on March 31, 2024 as against Rs.19.12 Cr. of debt obligations over the same period. Going forward, the group is expected to generate net cash accruals under the range of Rs.70.00 Cr. to Rs.100.00 Cr. against debt obligations of upto Rs.32.99 Cr. over the same period. The current ratio of the group stood comfortable at 1.32 times in FY2024. The cash and bank balance stood at Rs.0.61 Cr. The average fund based and non-fund based utilization of the group stood at 74.10% and 56.31% respectively over last six months ended December 2024. Furthermore, the group has an ongoing debt funded capex plan in order to fully integrate their facility, expanding the capacity of Sponge Iron, Steel Melting Shop (MS Billets) and the additional captive power plant within Pushpit Steels Private Limited. Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of comfortable cash accruals against debt repayments, moderate current ratio albeit debt funded capex plans over the medium term.

## **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1934.11	1870.22
PAT	Rs. Cr.	33.75	28.47
PAT Margin	(%)	1.75	1.52
Total Debt/Tangible Net Worth	Times	1.12	1.34
PBDIT/Interest	Times	2.90	3.69

**Status of non-cooperation with previous CRA (if applicable)**

Not Applicable

## Any Other Information

None

## Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Jul 2024	Cash Credit	Long Term	1.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A-   Stable (Reaffirmed)
	Letter of Credit	Short Term	24.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	80.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	9.80	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	3.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.20	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	17.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	15.00	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	0.40	ACUITE A2+ (Reaffirmed)
16 May 2023	Cash Credit	Long Term	5.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	55.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	25.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	9.80	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	3.00	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	0.20	ACUITE A2+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	17.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.40	ACUITE A2+ (Reaffirmed)
11 Apr 2022	Cash Credit	Long Term	20.00	ACUITE A-   Stable (Assigned)
	Working Capital Term Loan	Long Term	4.51	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE A-   Stable (Assigned)
	Working Capital Term Loan	Long Term	2.89	ACUITE A-   Stable (Assigned)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	50.00	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	10.00	ACUITE A2+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A-   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A-   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A-   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A-   Stable   Reaffirmed
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	24.00	Simple	ACUITE A2+   Reaffirmed
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUITE A2+   Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A2+   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.40	Simple	ACUITE A2+   Reaffirmed

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Pulkit Metals Private Limited
2	Pushpit Steels Private Limited



## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Archita Sharma Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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