



**Press Release**  
**SREE METALIKS LIMITED**  
**July 01, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	200.00	ACUITE BBB+   Stable   Assigned	-
Bank Loan Ratings	50.00	-	ACUITE A2+   Assigned
Total Outstanding Quantum (Rs. Cr)	250.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned long term rating of 'ACUITE BBB+' (read as ACUITE triple B plus) on the Rs. 200 Cr. bank facilities and short term rating of 'ACUITE A2+' (read as ACUITE A two plus) on the Rs. 50 Cr. bank facilities of Sree Metaliks Limited. The outlook is 'Stable'.

**Rationale for rating**

The rating takes into account long track record of operations, benefits derived from experienced management and fully integrated nature of operations with captive iron ore mines to thermo-mechanically treated (TMT) steel and captive power plant, strong dealer distribution network, increasing revenues and operating profitability, healthy financial risk profile, moderate working capital cycle and adequate liquidity; however these strengths are partly offset by intense competition and volatility in steel prices in the market.

**About the Company**

Incorporated in 1995, Odisha based- Sree Metaliks Limited, is an integrated steel manufacturing company. The company has iron ore mines in Khandhbandh, Odisha along with three plants namely Rugudi, Anra and Angul in Odisha. The operations of the company are managed by Mr Mahesh Agarwal. The other directors are Mrs Nalini Agarwal, Mr Kaustubh Agarwal, Mr Sanjiv Saklani, Mr Kalyan Maity, Mr Rewatiraman Sharma and Ms Tuhina Agarwal. The key managerial persons are Mr Deepak Tulsyan and Mr Rahul Agarwal.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered standalone business and financial risk profile of Sree Metaliks Limited to arrive at its rating

**Key Rating Drivers**

**Strengths**

**Integrated operations with long track record and benefits derived from experienced promoters**

The operations of the company are being managed by Mr Mahesh Kumar Agarwal, Mrs Nalini Agarwal, Mr Kaustubh Agarwal. They hold experience in the industry since decades and has over the years established fully integrated steel plant in Odisha. It manufactures sponge iron, billet, pig iron, iron ore pellets, TMT products. Further the operations are supported by a long term lease for iron ore mines for 50 years with a reserve capacity of 50 million tonnes. The Company also has captive power plants which supports its operating efficiency. The

company also has long standing relationship with their customers and suppliers and has an established dealer and distribution network. Acuite believes that the experienced promoters and the relationship with the customers and suppliers will benefit the company going forward.

**Increasing revenues and operating profitability**

The company has witnessed y-o-y growth of about 22% in the revenues to Rs. 2515.51 Cr. as on March 31, 2025(Prov.) as compared to Rs. 2060.19 Cr. as on March 31, 2024 on account of increase in quantity sold for TMT and pellets despite correction in prices of steel during the year. The operating profitability has increased to 19.03 percent as on March 31, 2025 (Prov.) compared to 16.48 percent as on March 31, 2024 due better integration and upgradation of facility and decrease in power cost leading to operational efficiencies. Going forward, Acuite believes, that the profitability margin of the company will be sustained at healthy levels over the medium term backed by steady demand, stable realization, and integrated nature of plant.

### **Healthy financial risk profile**

The financial risk profile of the company is healthy marked by improving net worth, moderate gearing and debt protection metrics. The tangible net worth of the company stood at Rs. 1166.17 Cr. as on March 31, 2025(Prov.) as compared to Rs. 880.73 Cr. as on March 31, 2024 due to accretion to reserves. The gearing of the company stood at 0.08 times as on March 31, 2025(Prov.) as compared to 0.19 times as on March 31, 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.24 times as on March 31, 2025(Prov.) as compared to 0.41 times as on March 31, 2024. The debt protection metrics of the company remain moderate marked by debt service coverage ratio (DSCR) of 3.38 times for March 31, 2025(Prov.). The net cash accruals to total debt (NCA/TD) stood at 3.93 times as on March 31, 2025(Prov.) as compared to 1.53 times as on March 31, 2024. Acuite believes that the financial risk profile will remain healthy over the medium term, with steady cash accruals and in the absence of any debt funded capex plans.

### **Moderate Working Capital Cycle**

The working capital cycle of the company is moderate as reflected by Gross Current Assets (GCA) of 70 days for March 31, 2025(Prov.) as compared to 90 days for March 31, 2024. The debtor period stood at 18 days as on March 31, 2025(Prov.) as compared to 20 days as on March 31, 2024. Further, the inventory days of the company stood at 43 days as on March 31, 2025(Prov.) as compared to 54 days in FY2024. The creditors stood at 15 days as on March 31, 2025(Prov.) as compared to 23 days as on March 31, 2024. Acuite believes that the working capital operations of the company will remain at the similar levels over the medium term.

### **Weaknesses**

#### **Intensive competition and inherent cyclicality in the steel industry**

The company is operating in competitive and fragmented nature of industry especially in primarily in steel producing industry. There are several players who are engaged in sponge iron, billets, and TMT manufacturing business in organised and unorganised sector. The company's performance remains vulnerable to cyclicality in the steel sector as demand for steel depends on performance of end user segments such as construction and real estate. Moreover, the profit margins and sales of the company remains exposed to inherent cyclicality in the steel industry.

### **Rating Sensitivities**

Movement in revenues and operating profitability  
Working capital cycle  
Debt funded capex

### **Liquidity Position**

#### **Adequate**

The company has adequate liquidity marked by net cash accruals of Rs 380.33 Cr. as on FY2025(Prov.) as against long term debt repayment of Rs. 106.87 Cr. over the same period. The cash and bank balance stood at Rs. 5.80 Cr. as on March 31, 2025(Prov.) and Rs. 33.28 Cr. as on March 31, 2024, Further, the current ratio of the company stood at 2.10 times as on March 31, 2025(Prov.) as compared to 1.85 times as on March 31, 2024. The Company has capex plans of about Rs. 70-80 Cr. to be funded by internal accruals. The company had OD against lien marked FD limit of Rs. 240 Cr. with Yes bank and ICICI Bank utilised on an average at 40-50%. Acuite believes that the liquidity of the company will remain adequate over the near to medium term on account of steady cash accruals and absence of any debt funded plans.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	2515.51	2060.19
PAT	Rs. Cr.	324.33	218.92
PAT Margin	(%)	12.89	10.63
Total Debt/Tangible Net Worth	Times	0.08	0.19
PBDIT/Interest	Times	63.47	23.31

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

None

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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:Not Applicable**

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE BBB+   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A2+   Assigned

## Contacts

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### About Acuité Ratings & Research

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