



Press Release
SIDDHARTH MERCANTILE PRIVATE LIMITED
December 04, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	31.86	ACUITE BBB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	31.86	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITÉ BBB-**' (read as **ACUITE triple B minus**) on the Rs. 31.86 Cr. bank facilities of Siddharth Mercantile Private Limited (SMPL). The outlook is '**Stable**'.

Rationale for rating

The assigned rating reflects the company's established regional presence in the ferrous and non-ferrous scrap trading industry, comfortable leverage, and adequate debt protection metrics. The rating also factors in the adequate liquidity supported by efficient working capital management. The rating is, however, constrained by moderate scale of operations with thin operating margins inherent to the trading nature of business, and exposure to volatility in global scrap prices and domestic steel demand.

About the Company

Siddharth Mercantile Private Limited (SMPL) is a Chennai-based company incorporated in 1997. The company is promoted and managed by Mr. Mukesh Goyal, Mr. Ronak Goyal, and Mrs. Nirmla Goyal, who serve as its directors.

SMPL is primarily engaged in the trading of steel, steel intermediates, and ferro alloys. Its product portfolio includes silicon, manganese, ferro silicon, sponge iron, mild steel (MS) ingots and billets, MS scrap, MS long products, pig iron, and other related materials catering to the iron and steel industry. The top products contributing around 80 percent of the company's total revenue are iron ore pellets, mild steel (MS) billets, MS scrap, and sponge iron lumps/fines/pellets.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered standalone business and financial risk profiles of Siddharth Mercantile Private Limited (SMPL) to arrive at the rating.

Strengths

Experienced management and long operational track record

SMPL is led by Mr. Mukesh Goyal, Mr. Ronak Goyal, and Mrs. Nirmala Goyal, along with a team of seasoned professionals possessing extensive expertise in steel trading for over two decades. The promoters offer a strong blend of industry knowledge, operational proficiency, and well-established relationships across the steel and ferro alloy markets. Their collective leadership has enabled the company to maintain consistent business performance and a solid market presence. Acuité believes that the directors' long-standing experience and proven track record will continue to strengthen relationships with key suppliers and customers.

Above-average financial risk profile

The company's financial risk profile is above-average, supported by a healthy net worth, comfortable gearing, and adequate debt protection metrics. As of March 31, 2025 (Prov.), the net worth stood at Rs.25.90 crore, up from Rs.20.51 crore primarily driven by profit accretion to reserves. Total debt level of the company remained at Rs.26.52 Cr. (comprising Rs.0.17 Cr. of long-term debt, short-term debt of Rs.25.30 Cr. and current maturities of long-term debt of Rs.0.30 Cr. and USL of Rs. 0.75 Cr.) against Rs.13.96 Cr. as on March 31, 2024. The gearing ratio(debt to equity) ratio stood at 1.02x in FY2025 (Prov.) from 0.68x in FY2024 due to addition of short-term borrowing and increase in utilization of working capital limits. The company debt protection indicators remain moderate, with the Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) reported at 4.21x and 3.01x, respectively, as on March 31, 2025 (Prov.), compared to 3.53x and 2.54x in FY2024. The Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 1.47x in FY2025 (Prov.) as against 1.34x in FY2024, this marginal deterioration in FY25 is due to addition of short-term borrowing and increase in WC limits. Additionally, the Debt to EBITDA ratio stood at 2.79x as on March 31, 2025 (Prov.), compared to 1.84x in the previous year. Acuite believes, the financial risk profile of the company would remain above average due low reliance on external debt.

Efficient Working capital operations

Company operations are efficient in terms of working capital marked by Gross Current Asset (GCA) of 41 days in FY2025 (Prov.), 32 days in FY2024 and 28 days in FY2023. This marginal elongation in GCA days is due to high Debtor days which stood at 38 day in FY25 (Prov.) compared to 27 days in FY24 and 22 days in FY23 reflecting a longer receivable cycle. However, the debtor cycle remains well within the industry norms for the steel trading segment and continues to be supported by a diversified customer base. Reduction in payable days from 10 days in FY24 to 7 days in FY25 (Prov.). The creditors cycle remains short at 5-10 days, reflecting the company's policy of timely payments and strong relationships with suppliers, which also facilitates consistent material availability. SMPL operates on an order-backed trading model, wherein materials such as steel intermediates and ferro alloys are procured only after receiving confirmed orders from customers. As a result, the company does not engage in stock-and-sell operations. Furthermore, the average utilization of working capital for fund-based limits remained moderate at 71% respectively over the last 12 months ending Sep 2025. Acuite believes that the working capital operations of the company will continue to remain in similar range due the nature of its business.

Weaknesses

Moderate scale of operations albeit thin profitability

The company recorded moderate year-on-year growth of 8.46% in FY2025 (Prov.), with total revenues reaching Rs. 482.74 crore, up from Rs. 445.10 crore in FY2024. However, sales remain lower compared to Rs. 496.12 crore in FY2023, indicating a marginal decline of around 3% in the topline performance. The total sales volume, however declined from 1.74 lakh MT in FY23 to 1.53 lakh MT in FY25 (Prov.), primarily due to reduced volumes in core products, partially offset by increased contribution from scrap sales. The company has reported a topline of Rs. 320.69 Cr. for first 7MFY26. The operating margins stood at 1.62% in FY2025 (Prov.), compared to 1.64% in FY2024 and 1.16% in FY2023. The Profit After Tax (PAT) margin is improved and reported at 1.12% in FY2025 (Prov.) versus 0.90% in FY2024. The company's operations are inherently low-margin due to limited value addition and price linked trading. With raw material

cost accounting for ~98% of revenues, the company's performance remains vulnerable to cyclical in the steel sector as demand for steel depends on performance of end user segments such as construction and real estate. Indian steel sector is highly competitive due to presence of large number of players.

Acuite believes, the operating performance of the company would remain moderate on account of trading nature of business.

Exposure to volatility in global scrap prices and domestic steel demand

The company is vulnerable to fluctuations in global scrap prices, which can significantly impact raw material costs and compress profit margins. Additionally, its reliance on domestic steel demand exposes revenue to cyclical trends in the construction and infrastructure sectors. Any prolonged weakness in these end-user industries could negatively affect sales volumes and cash flows.

Rating Sensitivities

- Consistent improvement in revenues and profitability.
- Elongation in working capital requirement
- Changes in Financial risk profile

Liquidity Position: Adequate

The company's liquidity position is adequate, supported by sufficient net cash accruals (NCAs) to meet its debt repayment obligations. During FY2025 (Prov.), the company generated cash accruals of Rs. 5.46 crore, against maturing debt obligations of Rs. 0.30 crore for the same period. The current ratio of 1.46x as on March 31, 2025 (Prov.). The average utilization of working capital for fund-based limits remained moderate at 71% respectively over the last 12 months ending Sep 2025. As on March 31, 2025 (Prov.), the company maintained unencumbered cash and bank balances of Rs. 0.12 crore.

Acuite expects that the liquidity of the company is likely to be adequate over the medium term on account of steady cash accruals.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	482.74	445.10
PAT	Rs. Cr.	5.39	4.01
PAT Margin	(%)	1.12	0.90
Total Debt/Tangible Net Worth	Times	1.02	0.68
PBDIT/Interest	Times	4.21	3.53

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>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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.

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
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.50	Simple	ACUITE BBB- Stable Assigned
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE BBB- Stable Assigned
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	0.36	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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