Shri Bajrang Alliance Limited

June 26, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 25.00 Crore	Regulator^
Long Term Rating	IVR BBB-/Stable (Rating Downgraded)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

The downgrade of the ratings of Shri Bajrang Alliance Limited (SBAL) reflects sustained declined revenue over FY24-FY26 with thin profitability. The rating action also factors in SBAL's leveraged capital structure, which continue to constrain its financial risk profile.

The ratings continue to derive strength from the company's comfortable debt protection metrics, experienced promoters and long track record of operations. However, these strengths are partially offset by weak operating profitability, a leveraged capital structure, and the intense competition and cyclicality inherent in the steel industry.

Outlook: Stable

The stable outlook reflects that SABL will continue to maintain its business and financial risk profile over the medium term, supported by steady operational performance and gradual improvement in scale of operations

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Comfortable debt protection metrics**
  SBAL's debt protection metrics remained comfortable in FY26 (period refers from April 01, 2025, to March 31, 2026) and improved over the previous year, supported by marginal improvement in operating profitability. The interest coverage ratio improved to 4.76x in FY26 from 3.32x in FY25. Further, the Total Debt/NCA improved to 5.56 years in FY26, from 12.50 years in FY25, due to marginal improvement in operating profitability. Going forward, the company's debt protection metrics are expected to improve further, supported by an expected improvement in profitability and cash accruals.

- **Experienced promoters with an established presence in steel industry**
  SBAL was promoted by the Goel family in 1990 and benefits from the promoters' extensive experience of over three decades in the steel industry. The promoters also have interests in Shri Bajrang Power & Ispat Limited, which has established operations in the steel manufacturing segment. The company is led by Anand Goel, supported by Archit Goel and a qualified management team. The promoters' long track record and industry expertise support the company's business operations and strategic decision-making.

Weaknesses

- **Sustained Declined in Revenue**
  SBAL's total operating income declined 31% to Rs. 273.45 crore in FY26 from Rs. 398.36 crore in FY25, primarily due to lower sales of steel structures and a decline in trading revenues. The decline was further accentuated by the temporary closure of plant operations from November 18, 2025 to February 6, 2026, for the execution of capacity expansion and process improvement initiatives. The ability to improve its revenue with higher contribution from value added i.e. manufacturing operations would be a key monitorable.

- **Weak operating profitability**
  SBAL's operating profit has marginally improved though remained thin with EBITDA margin of 2.32% in FY26 (P.Y.: 1.04% in FY25). The improvement was primarily driven

by better operational efficiencies and an increased contribution from relatively higher-margin manufacturing activities (90% of revenue) vis-à-vis low-margin trading operations (4% of revenue). Nevertheless, the company's operating profitability continued to remain weak for a manufacturing entity, thereby constraining its financial flexibility. Going forward, profitability is expected to improve further, supported by a gradual shift in the revenue mix towards manufacturing operations and would be a key monitorable.

- **Leveraged capital structure**

  SBAL's capital structure remained leveraged, with the overall gearing on adjusted Tangible Net Worth (including corporate guarantees) stood at 8.61x as on March 31, 2026, albeit improved from 12.39x as on March 31, 2025. The capital structure remained leveraged due to corporate guarantee of Rs.353.37 crore issued to debt of its group company Shri Bajrang Chemical Distillery LLP (rated IVR BBB-/Stable as on March 28, 2025). Excluding corporate guarantee, the overall gearing ratio on Adjusted Tangible Net Worth stood at a 1.89x as on March 31, 2026, compared to 2.59x as on March 31, 2025. TOL/ATNW improved and still stood on high level at 2.67x as on March 31, 2026 (March 31, 2025: 3.53x), supported by the accretion to tangible net worth during the year. Nevertheless, the ratio remained relatively high, indicating a leveraged financial risk profile.

- **High competition and cyclicality in the steel industry**

  SBAL operates in a highly competitive steel industry, characterised by the presence of several organised and unorganised players, resulting in limited pricing flexibility due to the low level of product differentiation. The company's operations in Chhattisgarh, a prominent steel-producing region, expose it to intense competition from regional manufacturers and fabricators. Moreover, the steel industry is inherently cyclical and remains vulnerable to fluctuations in demand, changes in commodity prices, and broader economic conditions. Any downturn in the industry cycle, particularly arising from excess capacity or weak demand conditions, can adversely impact steel prices, margins, and the overall operating performance of industry participants. Consequently, SBAL's business and financial performance remain exposed to cyclical risks associated with the steel sector.

Liquidity –Adequate

The company's liquidity position remains adequate, supported by expected cash accruals that are likely to remain sufficient to meet its debt repayment obligations over the near to medium term. However, the cash flow from operations remained negative at Rs. 10.27 crore as on March 31, 2026, primarily on account of significant increase in inventories and other current assets. Liquidity remains adequate primarily on account of substantial cushion available in working capital limits despite negative cash flow from operations during FY26. The company had free cash and cash equivalents of Rs. 0.32 crore as on March 31, 2026. Its working capital utilisation remained comfortable, with average utilisation of fund-based working capital limits at around 33% during the 12-month period ended March 2026, providing adequate financial flexibility through substantial unutilised bank lines of nearly ~67%. The current ratio remained modest at 1.15 times as on March 31, 2026 (1.07 times as on March 31, 2025), primarily on account of elevated current liabilities, largely comprising customer advances.

Rating Sensitivities

Upward Factors

- Significant growth in scale of operations along with improvement in profitability on a sustained basis resulting in improvement in debt coverage metrics with interest coverage above 5x and TOL/ATNW of less than 2x.
- Improvement in working capital cycle leading to improvement in the liquidity position of the company on a sustained basis

Downward Factors

- Decline in scale of operations and profitability impacting the liquidity position.
- Stretch in working capital cycle impacting the liquidity of the company
- Sharp changes in leverage impacting the debt coverage metrics with interest coverage below 2x and TOL/ATNW above 2x on a sustained basis

About the Company

SBAL is one of the largest structural rolling mill in the state of Chhattisgarh since its incorporation in the year 1990 overseen by Goel Group. The company has two main division – steel manufacturing and food division. The steel manufacturing unit has an annual rolling capacity of 1,00,000 MT; equipped with furnace and conveyor tables, these modern installations have helped the company to reduce their turnaround time. The food division incorporated in 2020, this marks the group’s first foray into foods business through 100% vegetarian frozen food products.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	398.36	273.45
EBITDA	4.15	6.34
PAT	4.64	14.57
Total Debt	97.60	104.02
Tangible Net Worth (TNW)	75.14	92.44
EBITDA Margin (%)	1.04	2.32
PAT Margin (%)	1.15	5.07
Overall Gearing (times)	1.30	1.13
Interest Coverage (times)	3.32	4.76

**Classification as per Infomerics’ standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Manufacturing companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for assigning Rating outlook

Policy on Default Recognition and Post Default Curing Period

Complexity Level of Rated Instruments/Facilities

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years				
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25			Date(s) & Rating(s) assigned in in 2023-24
					--	March 28, 2025	May 10, 2024	April 30, 2024	February 22, 2024
1.	Fund based facilities	LT	25.00	IVR BBB-/Stable	--	IVR BBB/ Stable	IVR BBB/Negative	--	--

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator^	Complexity Indicator
Cash Credit	--	--	--	--	25.00	IVR BBB-/ Stable	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details: https://infomericstorage.blob.core.windows.net/uploads/Len_Shri_Bajrang_Alliance26_Jun26_d6d5ecb1b1.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator

		such as IRDAI, PFRDA

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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About Infomerics

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