



Press Release
VFPL- ASIPL JV COMPANY
September 30, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	13.00	ACUITE A Stable Upgraded	-
Bank Loan Ratings	70.50	-	ACUITE A1 Upgraded
Total Outstanding Quantum (Rs. Cr)	83.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating to ‘**ACUITÉ A**’ (read as **ACUITÉ A**) from ‘**ACUITÉ A-**’ (read as **ACUITÉ A minus**) and short-term rating to ‘**ACUITÉ A1**’ (read as **ACUITÉ A One**) from **ACUITÉ A2+**’ (read as **ACUITÉ A two plus**) on the Rs.83.50 Cr. bank facilities of VFPL- ASIPL JV Company. The outlook is ‘**Stable**’.

Rationale for rating upgrade

The rating upgradation factors the group’s augmentation in overall business risk profile and improvement in the financial risk profile. The rating takes note of the a steady increase in scale of operations in FY2025 translated into a healthy improvement in the group’s profits and cash accruals emanating from the its successful capacity expansion of the manufacturing operations in the past, group has demonstrated steady volume growth and healthy profit margins over the last few years. The group’s capital structure, debt coverage indicators, liquidity are anticipated to remain healthy and adequate. The rating also draws comfort from the long and established position of the group in the steel and mining business, diversified product range along with the extensive experience of promoters. The ratings, however, are constrained by the moderate working capital requirement, cyclicity inherent in the steel business and the intense competition in the industry, which makes margins and cash flows vulnerable to fluctuations in prices and demand.

About Company

Ramgarh based, VFPL ASIPL JV Company (JV) is a Joint venture between Vikas Fasteners Private Limited and Aloke Steel Industries Private Limited in 2011. The JV executes orders from Mahanadi Coalfields Limited (MCL) and South Eastern Coalfields Limited (SECL) related to extraction, loading and transportation of coal.

About the Group

Aloke Steels Industries Private Limited (ASIPL) was incorporated by Jharkhand based Rungta family in 2004. The company is engaged in the production of sponge iron with an installed capacity of 120,000 MTPA. Directors of Aloke Steels Industries Private Limited are Abhishek Rungta, Kamendra Mishra.

Maa Chhinnmastika Cement and Ispat Private Limited (MCCIPL) was acquired by Rungta Group in 2010. The aggregate installed capacity of the company is 90,000 MT of sponge iron, 72,000 MT of billet and 67,500 MT of Rolling Mill. Current board members & directors are Mr. Alok Rungta and Mr. Santosh Kumar Gupta.

Jharkhand Ispat Private Limited (JIPL) was incorporated in 1991. The company is engaged in the production of sponge iron and billet. The company has installed capacity of 120,000 MT per annum for sponge iron and 108000 MT per annum for MS billet. All the above manufacturing units are located at Ramgarh, Jharkhand. Further the company is planning to install rolling mill for TMT bars with installed capacity of 90,000 MTPA and expected to be operationalise by end of Q3FY2026. Directors of Jharkhand Ispat Private Limited are Ram Chandra Rungta & Rajeev Kumar Agarwal.

Kolkata based, Araanya Mines Private Limited (AMPL) was incorporated in 2015. In March 2015, the company was allotted a coal mine that has extractable reserves of 10 million MT out of which 0.20 million MT of coal can

be extracted annually. The extracted coal will be used for captive consumption in the group companies. Directors of Araanya Mines Private Limited are Alok Rungta and Abhishek Rungta & Arvind Kumar.

Unsupported Rating

Not applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has taken a consolidated view of Alope Steels Industries Private Limited (ASIPL), Jharkhand Ispat Private Limited (JIPL), Araanya Mines Private Limited (AMPL), Maa Chhinnmastika Cement and Ispat Private Limited (MCCIPL) and VFPL ASIPL JV Company (JV), for their common management in a similar line of business. ASIPL and MCCIPL hold 100 percent stake in AMPL. In addition to that, MCCIPL and ASIPL have also extended corporate guarantees to Araanya Mines Private Limited. ASIPL is a stakeholder and guarantor of VFPL ASIPL JV Company. The group herein, is referred to as the Rungta Group.

Key Rating Drivers

Strengths

Long track record and experienced management

The Rungta group is promoted by the Jharkhand based Rungta family. The group is headed by Mr. Ram Chandra Rungta, who has more than three decades of experience in the steel and mining business through other group concerns. The group has diversified interests in various sectors such as steel, mining, cement and real estate, among others. ASIPL, JIPL and MCCIPL are engaged in manufacturing intermediate steel products such as sponge iron, billet and TMT. The VFPL ASIPL JV is executing orders related to extraction and transportation of coal from various coal mines of MCL and SECL. Araanya Mines Private Limited was allotted Lohari coal block in Jharkhand with total extractable reserve of around 10 million tonnes. The production was expected to start from April 2024. However, the operations are deferred because of the clearances in the records. The operations are currently expected to start production by end of FY2026. Acuité believes that the group will continue to benefit from long experience of the management in establishing relations with their key suppliers and customers.

Augmentation in the revenue

The total operating income of the group has increased by 16.75 percent in the FY2025(Prov.) as the group has been able to scale up operations due to augment in units sold and higher scale of productions and revenue. Further, the group has healthy order book of Rs. 888.31 Cr as on June 30, 2025 which provides revenue visibility for near to medium term. The group has witnessed steady improvement in the scale of operation as reflected from its revenue of Rs 1412.97 Cr in FY2025(Prov.) as against Rs 1210.21 Cr in FY2024. The revenue growth is expected to continue in FY2026 with further enhancement of rolling mill with the capacity of 90000 MTPA which would result in steady growth. Acuite notes that the group had been regularly incurring capex for the expansion of the group in the form of backward as well as forward integration to existing business. Acuite believes that the scale of operation will improve over the medium term backed by rise in sale of value added steel products where realizations are higher in comparison to intermediate goods such as Sponge Iron and Billet, healthy order book in hands, forward and backward integration expansion of the business in the FY2026 would strengthen the overall operating profile of the group.

Healthy profit margin

The group has reported a steady operating margin of 12.37 percent in FY2025(Prov.) as against 11.09 percent in the FY2024, supported by backward and forward integration measures and economies of scale benefits. The group's PAT margin also increased to 5.51 percent in FY2025(Prov.) from 4.82 percent in FY2024 on account of steady operating margin, dip in finance cost on account of reduction in overall debt obligations. In addition to that, the group has acquired Araanya Mines Private Limited company along with two new entities RCR Steel Works Pvt Ltd & Rungta Metals Pvt Ltd (common directors hold 100% stake of the company.) to venture into mining. Once the mines are operational, the group will benefit significantly from the backward integration for the easy and assured availability of raw materials which will result in overall improvement in business risk profile and will significantly result in improvement in profitability. Acuite believes the profitability margin of the group is likely to remain healthy over the medium term backed by backward and forward integrated operation along with capacity additions.

Healthy financial risk profile The financial risk profile of the group is marked by healthy net worth, low gearing and healthy debt protection metrics. The tangible net worth of the group increased to Rs. 671.62 Cr as on

March 31, 2025(Prov.) from Rs. 575.80 Cr as on March 31, 2024 due to accretion of reserves. Acuité has considered unsecured loans of Rs.121.18 Cr as on March 31, 2025(Prov.), as quasi-equity as the management has undertaken to maintain the amount in the business over the medium term. Gearing of the group improved Year-On-Year which stood at 0.28 times as on March 31, 2025(Prov.) as compared to 0.44 times as on March 31, 2024. Acuité notes that the group has been regularly incurring capex in the last few years for improving the share of intermediate and value-added products in the overall revenue & profitability mix and foraying into backward and forward integration. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) also improved which stood at comfortable level i.e. 0.58 times as on March 31, 2025(Prov.) as against 0.74 times as on March 31, 2024. Further debt protection metrics also improved where interest coverage stood at 7.09 times and Debt service coverage ratio at 2.57 times as on March 31,2025(Prov.) as against 4.96 times and 1.80 times on March 31, 2024. Calibrated capex undertaken by the group over the past years, funded through internal accruals, unsecured loan along with debt, has also helped it maintain steady leverage. Commensurate returns from the planned capex in the form of backward and forward integration and optimal capacity utilisation will remain key credit monitorable for the group. Acuité expects the leverage and coverage indicators to remain healthy and improve over the medium term on the back of a surge in earnings further boosting the profitability of the group despite augment in debt.

Weaknesses

Moderate Working capital nature of operations

The group's working capital nature of operations has improved but remains moderate reflected by Gross Current Assets(GCA) of 113 days as on March 31,2025 (Prov.) as against 144 days as on March 31,2024 . GCA days are majorly driven by other current assets which mostly comprises of advance to suppliers, advance to related parties and receivable from revenue authority.

Group's inventory stood at 32 days as on March 31,2025(Prov) as against 45 days as on March 31,2024 as the group needs to maintain raw material inventory (iron ore, coal stock) for uninterrupted production and to mitigate the raw material price fluctuations risk. The debtor days of the group stood comfortable at 2 days as on March 31, FY2025(Prov.) as against 4 days as on March 31,2024. The creditor days of the group stood at same level i.e. 18 days as on March 31,2025 (Prov.) and 17 days as on March 31,2024. The fund-based limit remained utilized at ~14.51 per cent and non-fund based limit remained utilized at ~78.16 percent over the eight months ended Aug, 2025. Acuite believes working capital requirement is likely to remain similar in the medium term considering the nature of industry.

Exposure to inherent cyclicity and slowdown in end-user industry

The group remains vulnerable to cyclicity in the steel industry, which is closely linked to any changes in domestic and global economies. While the government has provided significant impetus to steel-intensive sectors such as railways and infrastructure, any downturn in economic cycle will adversely impact demand. Steel demand is ultimately linked to the capex spends of end users such as real estate, civil construction and engineering, which are cyclical. Acuite believes that slowdown in the capex of these segments may impact the performance of the group.

Volatility in the prices of raw materials and finished goods

Major raw-materials required for the group are iron-ore and coal for manufacturing of sponge iron. Raw material accounted for ~60 to 70 percent of total cost of production in the last three fiscals. The group lacks backward integration for its basic raw-materials (iron ore and coal) and has to procure the maximum requirement from open market. Since the raw material is the major cost driver and the prices of which are volatile in nature, the profitability of the group is susceptible to fluctuation in raw-material prices. On the other hand, the finished foods are also volatile and dependent upon economic cycles and global demand supply scenarios.

Rating Sensitivities

- Sustainable revenue growth while maintaining profitability margins
- Timely completion of project and capex without any major time and cost overrun
- Further delays in execution of coal mining extraction
- Movement in the working capital cycle impacting the financial risk profile and liquidity position.

Liquidity Position

Adequate

The group's liquidity position is adequate marked by net cash accruals of Rs.129.53 Cr as on March 31, 2025(Prov.) as against long term debt repayment of Rs. 34.71 Cr over the same period. The current ratio stood comfortable at 2.13 times as on March 31, 2025(Prov.) The cash and bank balance stood at Rs 11.97 Cr as on March 31,2025(Prov.). The fund-based limit remained utilized at ~14.51 per cent and non-fund based limit remained utilized at ~78.16 percent over the eight months ended Aug, 2025. The undrawn bank limit provides the additional buffer to the liquidity of the group. Acuité believes the liquidity position of the group will be sustained marked by enhanced net cash accruals against the debt obligations.

Outlook: Stable

Other Factors affecting Rating
None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1412.97	1210.21
PAT	Rs. Cr.	77.90	58.27
PAT Margin	(%)	5.51	4.82
Total Debt/Tangible Net Worth	Times	0.28	0.44
PBDIT/Interest	Times	7.09	4.96

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Oct 2024	Cash Credit	Long Term	2.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	0.15	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	10.35	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	23.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	1.40	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.10	ACUITE A2+ (Reaffirmed)
27 Jul 2023	Cash Credit	Long Term	2.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.25	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	0.15	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	10.35	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.10	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	23.00	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.15	ACUITE A2+ (Reaffirmed)
28 Jun 2023	Cash Credit	Long Term	2.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	10.35	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	1.25	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	0.15	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	23.00	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	4.10	ACUITE A2+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	0.15	ACUITE A2+ (Assigned)
30 Aug 2022	Cash Credit	Long Term	2.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.25	ACUITE A- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	0.15	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.10	ACUITE A2+ (Reaffirmed)
06 Jul 2022	Cash Credit	Long Term	2.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	1.25	ACUITE A- Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	0.15	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	42.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.10	ACUITE A2+ (Reaffirmed)

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.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.00	Simple	ACUITE A1 Upgraded (from ACUITE A2+)
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	23.00	Simple	ACUITE A1 Upgraded (from ACUITE A2+)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.35	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.15	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.50	Simple	ACUITE A1 Upgraded (from ACUITE A2+)

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

Sr No	Name of the entity
1	Araanya Mines Private Limited
2	VFPL- ASIPL JV Company
3	Jharkhand Ispat Private Limited
4	Aloke Steels Industries Private Limited
5	Maa Chhinnmastika Cement And Ispat Private Limited

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