



Press Release
CHAMAN METALLICS LIMITED
October 07, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE A- Stable Reaffirmed	-
Bank Loan Ratings	35.00	-	ACUITE A2+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	335.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) and the short-term rating of '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs. 335 Cr. bank facilities of Chaman Metallics Limited (CML). The outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating reaffirmation takes into account the moderate improvement in operating performance of the group that is supported by capacity expansion and commencement of operations of the new backward integration plant at G R Integrated Steel Private Limited from November 2024. However, the operating performance of existing plants declined significantly in FY25 owing to power disruption at one plant leading to decrease in production coupled with lower realisations majorly across all product portfolios, improvement in which shall be a key rating monitorable. The rating further draws comfort from the experienced management along with adequate liquidity position. These strengths are, however, partly offset by the moderate financial risk profile owing to significant debt funded capex, working capital intensive nature of operations and cyclical nature of the steel industry with volatility in commodity prices. Going forward, the ability of the group to improve its production & sales volume along with improvement in realisations and its impact on the financial risk profile will remain a key rating sensitivity factor.

About the Company

Incorporated in 2003 and acquired by G R Group in 2019, Chaman Metallics Limited (CML) is engaged in production of sponge iron with its plant located in Tadali, Maharashtra. Initially operating with an installed capacity of 60,000 metric tonnes per annum (MTPA) for sponge iron, CML has expanded its operations to include 175,500 MTPA of sponge iron, 39,204 MTPA of silico manganese, a 30 MW captive power plant, and 198,000 MTPA of billets. The company got listed on the National Stock Exchange (NSE) in January 2023 and has a current market cap of Rs 362.02 Cr. as on Sept 04, 2025. The current directors of the company are Mr. Sumit Dahiya, Mr. Chetan Kumar Agrawal, Mr. Keshav Kumar Agrawal, Mr. Ranjeet Singh Thakur, Mr. Ramesh Kumar Agrawal and Ms. Disha Keshariya.

The G R Group comprises several companies as enumerated below:

G R Sponge and Power Limited (GRSPL) - Incorporated in 1996, the company is engaged in the manufacturing and sale of sponge iron and mild steel (MS) ingots. The company has an installed capacity of 60,000 metric tonnes per annum (MTPA) of sponge iron, 12,000 MTPA of silico manganese, a captive power plant of 8 MW based on waste heat recovery, and 48,000 MTPA (increased from 30,000 MTPA w.e.f Aug 2025) of MS ingots, cast iron, and SGCI inserts.

N R Sponge Private Limited (NRSPL) - Incorporated in 2002, the company is based in Raipur, Chhattisgarh and is engaged in the manufacturing and sale of sponge iron. It has an installed capacity of 90,000 MTPA of sponge iron, a 6 MW captive power plant based on waste heat recovery, and a 4 MW biomass-based captive power plant.

G R Krishna Ferro Alloys Private Limited (GRKFAPL) (erstwhile known as Prithvi Ferro Alloys Private Limited) - Incorporated in 2008 and jointly acquired by G R Group and Hind Energy Group in a 50:50 ratio in 2021 through NCLT, the company and is engaged in the manufacturing of ferro alloys at Chandrapur, Maharashtra. The company has an installed capacity of 33,000 MTPA of ferro alloys and an 18 MW thermal captive power plant.

G R Integrated Steel Private Limited (GRISPL) - Incorporated in 2021 and located in Chhattisgarh, the company operates with an installed capacity of 900,000 metric tonnes (MT) for its iron ore pellet plant and 850,000 MT for its beneficiated iron ore plant. The operations of the company commenced from November 2024.

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 N.R. Sponge Private Limited (NRSPL), G R Sponge and Power Limited (GRSPL), Chaman Metalics Limited (CML), G R Krishna Ferro Alloys Private Limited (GRKFAPL) [erstwhile Prithvi Ferro Alloys Private Limited], and G R Integrated Steel Private Limited (GRISPL), together referred to as the 'G R Group' (group). The consolidation is in the view of common management, strong operational and financial linkages between the entities and similar line of business activities.

Key Rating Drivers

Strengths

Experienced management

G R group has a long established presence of over two decades in the iron and steel industry. The group is promoted by Mr. Rameshkumar Ganpatrai Agrawal who has an industry experience of over two decades and is ably supported by the second-generation promoters, Mr. Keshav Agarwal and Mr. Chetan Agrawal. Acuité believes that the long track record of operations and the vast experience of the promoters will continue to support the growth plans of the group, going forward.

Semi-integrated business operations of the group

The group operates a semi-integrated steel manufacturing setup that covers the entire value chain, from raw material processing to the production of semi-finished steel products. This structure enhances operational efficiency, cost control, and supply chain consistency. As of

August 2025, the group has an aggregate installed capacity of 325,500 metric tonnes (MT) of sponge iron, 84,204 MT of ferro alloys, 48,000 MT of mild steel ingots, and 198,000 MT of billets. These operations are supported by a 66 MW captive power plant. With the commencement of operations at G R Integrated Steel Private Limited (GRISPL), the group has further strengthened its backward integration. GRISPL's iron ore pellet and beneficiation facilities supply ~40% of their output as captive raw material to GRISPL and NRSPL, while the remaining 60% is sold to externally. Further, the plant location of CML is strategically located close a reputed metal supply player which shall ease the raw material procurement of the company.

Improved operating performance supported by capacity expansions & backward integrations

While the capacity utilisation and sales realisations of most of the group companies moderated in FY25 owing to power unavailability and declining realisations, the revenue marginally increased to Rs. 903.03 Cr. in FY2025 (Prov.) from Rs. 874.41 Cr. in FY2024 owing to the materialisation of capex at GRISPL w.e.f November 2024. Further, the improvement in EBITDA margin from 7.35% in FY2024 to 11.07% in FY2025 (Prov.) is also due to the backward integration support provided by GRISPL to the existing group companies (especially GRISPL & NRSPL). Therefore, improvement in production & sales volumes coupled with realisation growth shall be a key rating monitorable. The PAT margin also stood improved to 5.56% in FY2025(Prov.) from 2.40% in FY2024. For Q1FY2026, the revenue of the group stood at ~Rs. 375 Cr.

Weaknesses

Moderate financial risk profile owing to significant debt funded capex

The financial risk profile of the group is marked moderate driven by healthy net worth, comfortable gearing and moderate debt protection metrics. The tangible net worth of the group increased to Rs. 618.77 Cr as on March 31, 2025(Prov.), (from Rs. 439.59 Cr. on March 31, 2024) due to accretion of profits to reserves. The networth also includes 8% non-cumulative optionally convertible preference share Rs. 72.41 Cr. and subordinated unsecured loans of Rs. 165.62 Cr. However, the total debt of the group increased to Rs. 663.73 Cr. as of March 31, 2025 (Prov.) as against Rs.424.55 Cr. as of March 31, 2024. The increase in debt is primarily due to the capex undertaken at CML & GRISPL including their cost overruns. Therefore, the gearing of the company stood at 1.07 times as on March 31, 2025 (Prov.) (0.97 times as on March 31, 2024). Further, the debt protection metrics of the company also stood moderate marked by Interest coverage ratio (ICR) of 6.06 times in FY2025 (Prov.) (3.73 times in FY2024) and debt service coverage ratio (DSCR) stood at 2.19 times in FY2025(Prov.) (1.23 times in FY2024).

Acuité believes that the financial risk profile of the company will remain moderate driven by elevated debt levels and significant interest obligations to be serviced post capex completions over the medium term.

Working capital intensive nature of operations

The working capital management of the group is intensive in nature marked by gross current assets (GCA) of 201 days as of March 31,2025(Prov.) (133 days as of March 31, 2024). The GCA days are mainly driven by high inventory days which stood at 125 days as on March 31, 2025(Prov.) (76 days as on March 31,2024) due to the commencement of operations at CML and procurement of bulk raw materials in order to mitigate fluctuation in raw material prices. The debtor days stood low at 10 days in FY2025(Prov.) (18 days in FY2024). Therefore, the company's reliance on bank limits remains moderate with average utilisation of fund-based limits at ~84.28% for the last six months ended June 25 and for non-fund-based limit utilisation at ~9.60% during the same period.

Acuité believes that the working capital operations of the company will remain at similar levels given the nature of the industry over the medium term.

Intense competition and inherent cyclical nature of the steel industry

The downstream steel industry remains heavily fragmented and unorganised. Therefore, the group is exposed to intense competitive pressures from large number of organised and unorganised players along with its exposure to inherent cyclical nature of the steel industry. Additionally, prices of raw materials and products are highly volatile in nature causing an

adverse impact on the profitability of the group.

ESG Factors Relevant for Rating

On the environmental front, the group pursues innovative technologies including repurposing industrial byproducts like fly ash for use in brick and cement production, supporting afforestation through tree plantation drives, and organizing healthcare camps in surrounding communities. Additionally, as social responsibility, it runs programs for providing clean drinking water and educational support to students, with particular emphasis on promoting girl-child education. On the governance front, the board of listed company includes representation of three independent directors and two executive directors who hold rich business experiences.

Rating Sensitivities

- Sustainable improvement in the scale of operations along with strengthening of profitability margins
- Any significant increase in debt levels affecting the financial risk profile
- Further elongation in working capital cycle affecting the liquidity profile

Liquidity Position Adequate

The group has adequate liquidity profile as reflected from its net cash accrual of Rs. 77.38 Cr. in FY2025(Prov.) as against repayment obligations of Rs. 24.92 Cr. during the same period. Further, the group is expected to generate cash accruals in the range of Rs. 100 Cr - 140 Cr. during FY2026 & FY2027 as against repayment obligation of Rs. 43 – 64 Cr. during the same period. The average utilization of fund-based limits stood moderate at ~ 84.28% over the last six months ending June 2025, and non-fund-based limit utilisation at ~9.60% during the same period. The current ratio stood moderated at 1.17 times in FY2025 (Prov.) as compared to 1.30 times in FY2024. The unencumbered cash and bank balance of the group stood low at Rs. 0.68 Cr. as on March 31,2025 (Prov.).

Acuite expects the liquidity position of the group to remain adequate over the medium term backed by steady accruals.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	903.03	874.41
PAT	Rs. Cr.	50.25	20.95
PAT Margin	(%)	5.56	2.40
Total Debt/Tangible Net Worth	Times	1.07	0.97
PBDIT/Interest	Times	6.06	3.73

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. 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Sep 2025	Cash Credit	Long Term	105.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	180.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Assigned)
	Bank Guarantee (BLR)	Short Term	15.00	ACUITE A2+ (Assigned)
25 Jul 2024	Cash Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	180.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A2+ (Reaffirmed)
28 Apr 2023	Cash Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	180.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	15.00	ACUITE A2+ (Reaffirmed)
06 Apr 2023	Cash Credit	Long Term	15.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	15.00	ACUITE A2+ (Reaffirmed)
22 Mar 2022	Cash Credit	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	5.00	ACUITE A2+ (Reaffirmed)
03 Mar 2022	Cash Credit	Long Term	10.00	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Letter of Credit	Short Term	5.00	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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	120.00	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A2+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	30 Nov 2022	Not avl. / Not appl.	31 Mar 2033	180.00	Simple	ACUITE A- Stable Reaffirmed

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

Sr. No	Name of the company
1	G R Sponge and Power Limited
2	N R Sponge Private Limited
3	Chaman Metalics Limited
4	G R Krishna Ferro Alloys Private Limited
5	G R Integrated Steel Private Limited

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About Acuité Ratings & Research

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