Press Release

ADHUNIK CORPORATION LIMITED
July 01, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	11.00	ACUITE BBB | Stable | Assigned	-
Bank Loan Ratings	10.00	ACUITE BBB | Stable | Reaffirmed	-
Bank Loan Ratings	12.50	-	ACUITE A3+ | Assigned
Bank Loan Ratings	1.50	-	ACUITE A3+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **'ACUITE BBB' (read as ACUITE triple B**a**)**nd the short-term rating of **'ACUITE A3+' (read as ACUITE A three plus)**to the Rs. 11.50 Cr. bank facilities of Adhunik Corporation Limited (ACL). The outlook remains '**Stable**'.
Acuité has assigned the long-term rating of **'ACUITE BBB' (read as ACUITE triple B)** and the short-term rating of **'ACUITE A3+' (read as ACUITE A three plus)**to the Rs. 23.50 Cr. bank facilities of Adhunik Corporation Limited (ACL). The outlook is '**Stable**'.

Rationale of the Rating
The rating reaffirmation reflects steady scale of operations of the group marked by semi-integrated nature of operations coupled with increase in revenue and decline in profitability margins during FY24. Acuite expects sustained performance in profitability margins and revenue backed by capacity expansion and backward integration. The rating also draws comfort from healthy financial risk profile characterized by steady networth, gearing below unity and moderate debt protection metrics. The group will undertake additional debt levels to fund a part of their capex plans. The adequate liquidity position of the group characterized by sufficient accruals against debt repayment obligations, moderate bank limit utilisation and current ratio. The rating continues to reflect the long track record of operations marked by experienced management, semi-integrated nature of operations and established relations with customers and suppliers. However, these strengths are partially offset by working capital intensive nature of operations and cyclical nature of the steel industry.

About the Company

Adhunik Corporation Limited (ACL) was incorporated in 1996.The company is engaged in the manufacturing of sponge iron and billets. The manufacturing facilities are located in Durgapur, West Bengal with an installed capacity of 60,000 MTPA for the DRI plant and 78,000 MTPA for their SMS unit. The group has its own wind farm plant at Dhule (Maharashtra), for which it has entered into a Power Purchase Agreement (PPA) with private entities for selling of power generated from wind farm. It runs under the directorship of Mr. Rama Shankar Gupta, Mr. Niket Agarwal, Mr. Sanjay Kaloya, Ms. Sonam Agarwal and Ms. Shilpi Modi.

About the Group

Incorporated in 1979, INCREDIBLE INDUSTRIES LIMITED (IIL) is a Kolkata based company engaged in the manufacturing of rolled products (TMT bars and wire rods). It is listed with NSE, BSE and CSE. The manufacturing facilities are located in Durgapur, West Bengal, with an installed capacity of 1,70,000 MTPA for rolled products. The company procures the basic raw material i.e, billets majorly from ACL and therefore enjoys backward integration with the group company which is engaged in manufacturing of sponge iron and billets. The TMT bars manufactured by IIL are sold under brand 'Adhunik'. The group markets its product via 300 dealers network across various states of India including West Bengal, Bihar, Odisha and North-Eastern states. The company runs under the directorship of Mr. Rama Shankar Gupta, Mr. Niket Agarwal, Mr. Sanjay Kaloya, Mr. Deepak Kumar Agarwalla, Ms. Sonam Agarwal and Ms. Shilpi Modi.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation
- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated business and financial risk profile of ACL and IIL while arriving at the rating. The consolidation is in the view of common management, strong operational linkages between the entities and a similar line of business.

Key Rating Drivers

Strengths

Long track record of operations with experienced management
The group has long operational track record with experienced management in the iron and steel industry for more than decades.
The group's operations are semi-integrated, encompassing the backward integration from sponge iron to rolled products, which enhances operational efficiency and ensures a consistent raw material supply to IIL from ACL. ACL met ~50% of IIL's raw material requirement in FY25. ACL's sponge iron is predominantly consumed internally for billet production, with any surplus sold to other billet producers in the market. The billets produced by ACL are primarily utilized by IIL for manufacturing rolled products, including TMT bars and wire rods. The proximity of both plants provides a locational advantage, contributing to operational efficiencies and mitigating risks associated with the cyclicality of the steel industry. Acuité believes the semi-integrated nature of operations of the group and locational advantage on account of the close proximity of both the plants, provides efficiency in terms of operations and mitigates the risks arising from the cyclical nature of steel industry to some extent.

Increase in operating income
The group achieved revenue of Rs.826.10 Cr. in FY24 as against Rs.700.85 Cr. in FY2023. Further, IIL and ACL have achieved Rs. 756.14 Cr. and Rs.532.58 Cr. respectively in FY25. The increase in the revenue was driven by decrease in price realization and increase in sales volume of rolled products and billets buoyed by better capacity utilization. The integrated nature of operations of the group enhances the operating efficiencies with presence in steel value chain right from sponge iron to rolled products. It provides the group with a flexibility to sell intermediate products and use them for captive consumption. Acuite expects the scale of operations to improve over the medium term.

Healthy Financial Risk Profile
The group's financial risk profile is marked by healthy networth, gearing below unity and comfortable debt protection metrics. The tangible networth of the group stood at Rs.293.06 Cr. as on March 31, 2024, as against Rs.281.34 Cr. as on March 31, 2023, due to accretion of reserves. Gearing of the group stood comfortable at 0.23 times as on March 31, 2024, as against 0.28 times as on March 31, 2023. The group will undertake additional debt levels of Rs.105.00 Cr. to fund a part of their capex plans. The debt protection metrics of the group is marked by Interest Coverage Ratio (ICR) at 3.41 times and Debt Service Coverage Ratio (DSCR) at 1.21 times as on March 31, 2024. Acuite believes that going forward, the financial risk profile of the group will remain moderate backed by steady accruals and debt funded capex plans.

Weaknesses

Decrease in profitability margins

The EBITDA margin stood at 4.07% in FY2024 as against 4.76% in FY2023 due to increase in the raw material prices which the group could not fully pass it on to its customers. However, the PAT margin stood at 1.42 % in FY2024 as against 1.47% in FY2023. Acuite believes that the group will maintain profitability margins on similar levels over the medium term backed by high interest costs and depreciation.

Intensive Working capital Cycle

The working capital cycle of the group is intensive marked by Gross Current Assets (GCA) of 152 days as on March 31, 2024, as against 171 days as on March 31, 2023. The inventory days improved to 48 days as on March 31, 2024, from 86 days as on March 31, 2023, as the group maintains inventory of raw materials and finished goods to mitigate the risk of price volatility. The group maintains 40-45 SKUs. The debtor days stood at 32 days as on March 31, 2024, as against 7 days as on March 31, 2023. The credit terms are 10 days to 30 days on an average. The other current assets majorly include advance payment to suppliers, advances recoverable in cash or kind and security deposits. Against this, creditor days stood at 15 days as on March 31, 2024. the credit terms with suppliers are mostly on advance basis. Acuite believes that the working capital cycle will remain on similar levels over the medium term.

Inherent cyclical nature of the steel industry

The group's performance remains susceptible to cyclicality within the steel industry, due to the strong correlation between demand for steel products and the overall health of the domestic and global economies. End-user sectors such as real estate, civil construction, and engineering also exhibit cyclical patterns. Additionally, operating margins are vulnerable to fluctuations in input costs, particularly iron ore and coal, as well as variations in price realization of finished goods. Changes in the prices and availability of key raw materials like iron ore directly influence the profitability of the group's finished products. Any substantial decline in demand and prices that negatively affect operating margins, and cash flow will continue to be a key monitorable factor.

Rating Sensitivities

Movement in revenue and profitability margins
Elongation in working capital cycle
Timely completion of capex plans
Capital structure

Liquidity Position

Adequate

The group’s liquidity is adequate marked by net cash accruals of Rs.20.93 Cr. as against long term debt repayment of Rs.15.43 Cr. over the same period. Further, the current ratio stood at 2.70 times as on March 31, 2024, as against 3.15 times as on March 31, 2023. However, the bank limit utilization for fund based (consolidated) at 64 per cent and the non-fund-based limit (consolidated) at 59 per cent for twelve months ended March 2025. The cash and bank balance stood at Rs.9.47 Cr. as on March 31, 2024, as against Rs.0.78 Cr. as on March 31, 2023. Moreover, the working capital-intensive nature of operations of the firm is marked by Gross Current Assets (GCA) of 152 days as on March 31, 2024, as against 171 days as on March 31, 2023. There is a brownfield project to enhance their capacity funded by term loan and internal accruals which will help the company to augment their scale of operations. Acuite believes that going forward the group will be able to maintain adequate liquidity position due to steady accruals and debt funded capex plans.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	826.10	700.85
PAT	Rs. Cr.	11.71	10.29
PAT Margin	(%)	1.42	1.47
Total Debt/Tangible Net Worth	Times	0.23	0.28
PBDIT/Interest	Times	3.41	2.88

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
04 Apr 2024	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB | Stable (Reaffirmed)
05 Jan 2023	Bank Guarantee (BLR)	Short Term	1.50	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE BBB | Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.50	Simple	ACUITE A3+ | Reaffirmed
Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.50	Simple	ACUITE A3+ | Assigned
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB | Stable | Reaffirmed
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	11.00	Simple	ACUITE BBB | Stable | Assigned

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

Sr. No.	Name of the company
1	ADHUNIK CORPORATION LIMITED
2	INCREDIBLE INDUSTRIES LIMITED

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations Manvi Khaitan Associate Analyst-Rating Operations	**Contact details exclusively for investors and lenders** Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.