



**Press Release**  
**Agrawal Sponge Private Limited (Erstwhile Agrawal Sponge Limited)**  
**January 08, 2024**

**Rating Reaffirmed and Issuer not co-operating**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	24.00	ACUITE BB+   Reaffirmed   Issuer not co-operating*	-
Bank Loan Ratings	10.00	-	ACUITE A4+   Reaffirmed   Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	34.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and the short term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.34.00 crore bank facilities of Agrawal Sponge Private Limited (ASPL). The rating continues to be flagged as "Issuer Not Co-operating" and is based on the best available information.

**About the Company**

Chhattisgarh Based, Agrawal Sponge Private Limited (ASPL) was Incorporated in 2002. The company is involved in the manufacture of sponge iron with an installed capacity of 66,000 MTPA and MS ingots with an installed capacity of 15,000 MTPA. The manufacturing facility of company is located in Raipur, Chhattisgarh. ASPL's board of directors include Mr. Kailash Chand Agrawal, Mrs. Rajni Devi Agrawal, Mr. Ankur Agrawal and Mr. Amol Agrawal.

**About the Group**

Rashmi Sponge Iron & Power Industries Private Limited (RSIPIPL) is a Chhattisgarh based company, incorporated in 1995. The company was initially incorporated as JRG Credits & Holdings Pvt. Ltd. but was taken over by Agrawal family in 2003. RSIPIPL is engaged in the manufacture of sponge iron with an installed capacity of 66,000 MTPA, billets with an installed capacity of 100,000 MTPA and has a captive power plant of 8 MW. The manufacturing unit of the company is located at Siltara Industrial Area in Raipur. The company's board of directors include Mr. Kailash Chand Agrawal, Mr. Manoj Agrawal, Mr. Ankur Agrawal and Mr. Amol Agrawal.

Incorporated in 2015, Vraj Metaliks Private Limited (VMPL) was taken over by the current directors in 2018. The company is involved in the manufacture of sponge iron with an installed capacity of 66,000 MTPA. The manufacturing facility of company is located in Raipur, Chhattisgarh. VMPL's board of directors include Mr. Kailash Chand Agrawal, Mr. Manoj Agrawal, Mr. Ankur Agrawal and Mr. Amol Agrawal.

Together the above three companies are referred to as the 'Rashmi Sponge Group' (RSG). Currently, the group has installed capacities of sponge iron ~ 200,000 MTPA, billets 100,000 MTPA, MS ingots 15,000 MTPA and captive power plant of 8 MW. In addition, RSIPIPL has a stake of 17.61 per cent in ASPL and 19.88 per cent in VMPL.

**unsupported Rating**  
Not Applicable

**Non-cooperation by the issuer/borrower:**

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

**Limitation regarding information availability:**

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

**Rating Sensitivity**

"No information provided by the issuer / available for Acuite to comment upon."

**All Covenants (Applicable only for CE & SO Ratings)**

Not Applicable

**Liquidity Position**

"No information provided by the issuer / available for Acuite to comment upon."

**Outlook**

Not Applicable

**Other Factors affecting Rating**

Not Applicable

## Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	630.19	448.07
PAT	Rs. Cr.	21.86	13.25
PAT Margin	(%)	3.47	2.96
Total Debt/Tangible Net Worth	Times	0.53	0.49
PBDIT/Interest	Times	4.30	3.00

## Status of non-cooperation with previous CRA

Not Applicable

## Any other information

None

## Applicable Criteria

- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- 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>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Oct 2022	Bank Guarantee	Short Term	2.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	7.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	24.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
31 Aug 2021	Bank Guarantee	Short Term	2.50	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	24.00	ACUITE BBB   Stable (Assigned)
	Letter of Credit	Short Term	7.50	ACUITE A3+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	2.50	ACUITE A4+   Reaffirmed   Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	24.00	ACUITE BB+   Reaffirmed   Issuer not co-operating*
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	7.50	ACUITE A4+   Reaffirmed   Issuer not co-operating*

## Contacts

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### 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.

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