



**Press Release**  
**AGRASEN SPONGE PRIVATE LIMITED**  
**June 30, 2025**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.50	ACUITE C   Downgraded	-
Bank Loan Ratings	15.00	ACUITE D   Downgraded	-
Bank Loan Ratings	8.50	-	ACUITE A4   Downgraded
Total Outstanding Quantum (Rs. Cr)	27.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has downgraded its long-term rating to '**ACUITE D**' (read as **ACUITE D**) from '**ACUITE BBB**' (read as **ACUITE triple B**) on Rs.15.00 Cr. bank facilities of Agrasen Sponge private Limited (ASPL). Acuité has also downgraded its long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB**' (read as **ACUITE triple B**) on Rs. 3.50 Cr. bank facilities and short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A3+**' (read as **ACUITE A three plus**) on Rs. 8.50 Cr. bank facilities of Agrasen Sponge private Limited (ASPL).

**Rationale for Downgrade**

The rating downgrade is on account of continuous overdrawings in the cash credit account by the company in the recent past as per written confirmation received from the banker.

**About the Company**

Incorporated in 2003, Agrasen Sponge Private Limited (ASPL) is an Odisha based company promoted by Mr. Raj Kumar Dadhich and Mr. Murari Lal Sharma. The company undertakes manufacturing of sponge iron with an installed capacity of 60,000 MTPA. Its manufacturing facility is in the Sundargarh district of Odisha. To diversify the business, the company got the manganese ore mines from Government of Odisha on 50 years lease basis since April 2020. The mine is located at Katasahi, Keonjhar district of Odisha.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of ASPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Established track record and extensive experience of promoters**

The company has a long operational track record in the manufacture of sponge iron for around two decades. Further, the promoters of the company including Mr. Raj Kumar Dadhich and Mr. Murari Lal Sharma have more than one and a half decades of experience in the iron and steel industry. The company has been able to maintain healthy relationship with both its customers and suppliers. Acuité believes that the long operational track record of the company coupled with the extensive experience of the management will continue to benefit the company going forward, resulting in steady growth in the scale of operations.

**Weaknesses**

**Instance of delays in servicing of debt obligation**

There have been delays in the servicing of debt obligations by the company in the recent past as per written confirmation received from the banker. The sanctioned cash credit (CC) limit was Rs. 15.00 crore and an ad hoc limit of Rs. 3.75 crore was granted from 09/10/2024 to 12/12/2024. However, this ad hoc limit was overdrawn for consecutive period of 39 days i.e. till 20/01/2025 as confirmed by the banker and reflected in the bank statements.

**Rating Sensitivities**

Timely servicing of debt obligations

**Liquidity Position**

**Poor**

Liquidity position of the company is poor as there have been instances of delays in servicing of debt obligations in recent past.

**Outlook: Not Applicable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	179.80	158.40
PAT	Rs. Cr.	23.47	20.85
PAT Margin	(%)	13.06	13.16
Total Debt/Tangible Net Worth	Times	0.17	0.29
PBDIT/Interest	Times	16.99	17.93

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 May 2024	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A3+ (Upgraded from ACUITE A3)
	Covid Emergency Line.	Long Term	1.44	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	1.31	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
	Covid Emergency Line.	Long Term	0.75	ACUITE BBB   Stable (Upgraded from ACUITE BBB-   Stable)
08 Feb 2023	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A3 (Assigned)
	Covid Emergency Line.	Long Term	3.31	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.19	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
UCO Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.50	Simple	ACUITE A4   Downgraded ( from ACUITE A3+ )
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE D   Downgraded ( from ACUITE BBB )
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	14 Dec 2021	Not avl. / Not appl.	30 Nov 2026	1.44	Simple	ACUITE C   Downgraded ( from ACUITE BBB )
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	25 Aug 2020	Not avl. / Not appl.	31 Aug 2024	0.75	Simple	ACUITE C   Downgraded ( from ACUITE BBB )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.31	Simple	ACUITE C   Downgraded ( from ACUITE BBB )

## Contacts

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### About Acuité Ratings & Research

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