



Press Release
AGRASEN SPONGE PRIVATE LIMITED
September 23, 2025
Rating Upgraded & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.19	ACUITE BB+ Upgraded & Withdrawn	-
Bank Loan Ratings	1.31	Not Applicable Withdrawn	-
Bank Loan Ratings	8.50	-	ACUITE A4+ Upgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	27.00	-	-

Rating Rationale

Acuite has upgraded and withdrawn its long-term rating to 'ACUITE BB+' (read as ACUITE Double B plus) from 'ACUITE D' (read as ACUITE D) on Rs.15.00 Cr. bank facilities of Agrasen Sponge private Limited (ASPL). The rating has been withdrawn on account of the request received from the company and No Objection Certificate (NOC) received from the banker.

Acuite has also upgraded and withdrawn its long-term rating to 'ACUITE BB+' (read as ACUITE Double B plus) from 'ACUITE C' (read as ACUITE C) on Rs. 2.19 Cr. bank facilities and short-term rating to 'ACUITE A4+' (read as ACUITE A four plus) from 'ACUITE A4' (read as ACUITE A four) on Rs. 8.50 Cr. bank facilities of Agrasen Sponge private Limited (ASPL). The rating has been withdrawn on account of the request received from the company and No Objection Certificate (NOC) received from the banker.

Acuite has withdrawn the long term on the Rs. 1.31 Cr. bank loan facilities of Agrasen Sponge private Limited (ASPL) without assigning any rating as it is a proposed facility. The rating has been withdrawn on account of the request received from the company.

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

Rationale for Rating Upgrade:

The upgrade in the rating is on account of clarifications and clean written feedback received from the banker regarding the overdrawings observed beyond 30 days in the cash credit account which were on account of temporary overdraft sanctioned. Further, the rating considers the subdued operating performance with decline in revenues and profitability which is expected to moderate in near to medium term. The rating further draws support from extensive management experience and healthy financial risk profile; However, the rating is constrained on account of moderately intensive working capital operations with highly utilised working capital limits and susceptibility of profitability to volatility in raw material prices in an intensely competitive steel industry.

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 considered the standalone business and financial risk profiles of ASPL to arrive at this rating.

Key Rating Drivers

Strengths

Long track record of operations and experienced management

The company has long operational track record in the manufacture of sponge iron for around two decades. Further, the promoters of the company have more than one and a half decades of experience in the iron and steel industry. 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.

Moderately intensive working capital operations with high level of working capital limit utilisation

The company has moderately intensive working capital of operations as reflected from 129 days of GCA days in FY25(Prov.) as against 128 days in FY2024. Inventory days have decreased to 63 days in FY25(Prov.) as against 113 days in FY2024. The company remains exposed to inherent cyclicity in steel sector which impacts its policy on inventory holding. Debtor days has increased to 5 days in FY25(Prov.) as compared to 1 days in FY2024. Moreover, the company's creditor days stays at similar levels at 20 days in FY25(Prov.) as compared to 17 days in FY2024. The Bank Limit utilized at ~ 94.77 percent for 04 months ended June 2025 and current ratio stood at 1.25 times for FY25(Prov.). Acuité believes that the working capital requirement would remain moderate over the medium term.

Above – average Financial Risk Profile

The net worth of the company stood at Rs. 85.43 crore in as on March 31, 2025 (Prov.) as compared to Rs. 100.44 crore in March 31, 2024 due to issue of bonus shares from the share premium account. The gearing of the company stood healthy at below unity levels 0.25 times and 0.17 times as on March 31, 2025 (Prov.) and March 31, 2024 respectively. Interest coverage ratio (ICR) stood at 10.65 times in FY25(Prov.) as against 16.99 times in FY2024. The debt service coverage ratio (DSCR) of the company deteriorated but stood healthy at 2.75 times in FY25(Prov.) as compared to 4.92 times in the previous year. Further, Debt-EBDITA has and stood at 0.91 times in FY25(Prov.) as against 0.46 times on FY2024.

Weaknesses

Decline in Revenue and Profitability

ASPL reported a decline in operating revenue, reflecting the impact of unfavourable market conditions impacting realisations. The company's operating income stood at Rs. 153.65 crore in FY25(Prov.) compared to revenue of Rs. 179.80 crore in FY24. The operating profit margin of the company declined marginally and stood at 14.60 percent in FY25(Prov.) compared to 20.00 percent in FY24. The operating margin of the company declined due to the increase in the raw material costs. PAT margin of the company stood at 6.59 percent in FY25(Prov.) compared to 13.06 percent in FY24. In Q1FY26, ASPL reported revenue of Rs. 50.00 Cr. with operating margin of 12-13 per cent as compared to ~Rs. 75 Cr. in Q1FY25 with operating margin of ~ 14 per cent. Acuite believes, the operating performance and business scale would moderate in coming years on the back of unfavourable market conditions.

Inherent cyclical nature of the steel industry

The company's performance remains exposed to the inherent cyclicity of the steel sector, which is closely linked to fluctuations in both domestic and global economic conditions. Key end-user industries such as real estate, civil construction, and engineering also exhibit cyclical demand patterns, further contributing to revenue volatility. Additionally, operating margins are susceptible to fluctuations in input costs and realisations from finished goods. The prices and availability of critical raw materials—iron ore and coal—have a direct impact on production costs and profitability. Any significant decline in demand or pricing of finished goods could adversely affect the company's margins and cash accruals. This will remain a key monitorable going forward.

Rating Sensitivities

Not Applicable

Liquidity Position

Adequate

The company's liquidity remains adequate backed by its Net Cash Accruals (NCA) of Rs. 12.59 crore as against Long- Term Debt Repayment (CPLTD) of Rs. 3.17 crore in FY25(Prov.). Additionally, the current ratio stood comfortably at 1.25 times in FY2025 (Prov.) as against 2.22 times in FY2024. The cash and bank balance stood at Rs. 0.38 crore as on FY2025 (Prov.). Acuité expects liquidity profile of the company to remain adequate due to sufficient accruals, moderate utilisation of bank lines and healthy current ratio over the medium term.

Outlook

Not Applicable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	153.65	179.80
PAT	Rs. Cr.	10.13	23.47
PAT Margin	(%)	6.59	13.06
Total Debt/Tangible Net Worth	Times	0.25	0.17
PBDIT/Interest	Times	10.65	16.99

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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Jun 2025	Bank Guarantee (BLR)	Short Term	8.50	ACUITE A4 (Downgraded from ACUITE A3+)
	Proposed Long Term Bank Facility	Long Term	1.31	ACUITE C (Downgraded from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	1.44	ACUITE C (Downgraded from ACUITE BBB Stable)
	Covid Emergency Line.	Long Term	0.75	ACUITE C (Downgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	15.00	ACUITE D (Downgraded from ACUITE BBB Stable)
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+ Upgraded & Withdrawn (from ACUITE A4)
UCO Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BB+ Upgraded & Withdrawn (from ACUITE D)
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	14 Dec 2021	Not avl. / Not appl.	30 Nov 2026	1.44	Simple	ACUITE BB+ Upgraded & Withdrawn (from ACUITE C)
UCO Bank	Not avl. / Not appl.	Covid Emergency Line.	25 Aug 2020	Not avl. / Not appl.	31 Aug 2024	0.75	Simple	ACUITE BB+ Upgraded & Withdrawn (from ACUITE C)
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	Not Applicable Withdrawn

Contacts

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

About Acuité Ratings & Research

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