



**Press Release**  
**G R INTEGRATED STEEL PRIVATE LIMITED**  
**August 19, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	146.00	ACUITE BBB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	146.00	-	-

**Rating Rationale**

Acuite has upgraded the long-term rating to '**ACUITE BBB**' (read as **ACUITE t riple B**) from '**ACUITE BBB-**' (read as **ACUITE t riple B minus**) on the Rs. 146.00 Cr. bank facilities of G R Integrated Steel Private Limited (GRISPL). The outlook is '**Stable**'.

**Rationale for upgrade**

The rating upgrade reflects the completion of the project and it is expected to commence its commercial operations on September 1, 2024. Further, the rating reflects the synergies derived from the backgrounds of the promoters and group companies who are into the business of iron and steel for over two decades. Furthermore, the rating factors include the absence of any offtake/demand risk, procurement risk and a positive industry outlook. However, these strengths are partly offset by the company's moderate financial risk profile and the inherent cyclical nature of the steel industry.

**About the Company**

Incorporated in 2021, G R Integrated Steel Private Limited (GRISPL) is setting up a 6,00,000 MT iron ore pellet plant and 8,50,000 MT beneficiated iron ore plant. Based in Chhattisgarh, the company is managed by Mr. Ramesh kumar Ganpatrai Agrawal, Mr. Chetan Agrawal and Mr. Keshav Kumar Agrawal.

### **Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of GRISPL to arrive at the rating. While arriving at the rating of GRISPL, Acuité has taken into account a strong level of support from the GR group given that G R Sponge and Power Limited (GRSPL) and N R Sponge Private Limited (NRSPL) have an 97.60 per cent stake in GRISPL and corporate guarantee extended to GRISPL by GRSPL and NRSPL.

### **Key Rating Drivers**

#### **Strengths**

##### **Experienced management**

G R group has established a long presence of over two decades in the iron and steel industry. The group is promoted by Mr. Ramesh kumar Ganpatrai Agrawal with an industry experience of over two decades and is supported by the second-generation promoters Mr. Keshav Agarwal and Mr. Chetan Agrawal. Further, GRSPL and NRSPL has provided corporate guarantee to GRISPL and all the three-promoter directors of the group namely Mr. Chetan Kumar Agarwal and Mr. Keshav Kumar Agarwal have given personal guarantee GRISPL. Further, the cost escalation of Rs.16.44 Cr. in the project is met through promoters infusion of

funds. As on 31.07.2024, Equity infusion stood at Rs.37.50 Cr. and Unsecured loan infusion at Rs.53.42 Cr.

Acuité believes that the long track record of operations and the vast experience of the promoter will continue to support the group's growth plans going forward.

### **No Off-take/ Demand Risk**

The company does not have as such any off take or demand risk, as the pellet plant will be a backward integration for the group and will serve the raw material requirement for the sponge iron production of the group companies engaged in the manufacturing of sponge iron. The pellets manufactured by GRISPL will be consumed by GRSP, NRSPL and CML which will be used for making sponge iron and the balance expected to be sold in the open market. Total production capacity of sponge iron of the group is 3,15,000 MTPA, which has an estimated pellet requirement of 4,72,500 MTPA, which can be easily satisfied by the 6,00,000 MTPA of iron ore plant. Hence, the entire requirement of iron ore of the GR Group will be met primarily through the production from GRISPL. Further, the project is located at Mudpar Village, Bemetara District, Chhattisgarh, in close proximity to existing plants of G R Sponge and Power Limited. The company is expected to procure iron ore fines from mines of Chhattisgarh and Orissa.

Acuité believes GRISPL's ability to execute the timely supply of pellets to its group companies will be a key rating monitorable.

### **Commencement of operations**

The construction of the plant was completed in July 2024 and is currently in the test run process. The company expects to start commercial operations on September 2024. Further, the company is expecting to generate Rs.180.00 Cr. of revenue in FY2025.

Acuité believes that with an expected COD in September 2024, the scale of operations will improve strongly over the medium term.

### **Weaknesses**

#### **Moderate Financial risk profile**

The company's capital structure is moderate with a moderate net worth and high gearing over the medium term. The tangible net worth of the company improved to Rs.66.95 Cr. as on March 31, 2024 (Prov) as against Rs.36.06 Cr. as on March 31, 2023 due to equity infusion by the promoters. The net worth includes quasi equity of Rs.29.05 Cr. which is subordinate to bank loans. Furthermore, the company has infused unsecured loans (treated under quasi-equity) of Rs.24.37 Cr. in FY2025.

The total debt of the company stood at Rs. 121.28 Cr. as on March 31, 2024 (prov) which consists of term loans for the completion of the project. Further, Rs.18.72 Cr. is disbursed in FY2025. The gearing of the company stood moderate with 1.81 times as on March 2024 (prov). Acuité believes that going forward, the financial risk profile of the company is expected to improve over the medium term as operations are expected to be start in September 2024.

#### **Intense competition and inherent cyclical nature of the steel industry**

The downstream steel industry remains heavily fragmented and unorganised. 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.

### **Rating Sensitivities**

- Timely commencement and stabilisation of operations.
- Higher-than-expected improvement in the scale of operations and profitability as envisaged.

#### **Liquidity Position: Adequate**

The company's adequate liquidity position is expected to support debt servicing in the near-to-medium term as net cash accrual is expected to be adequate, post start of operations as there will be no off-take risk and a fixed conversion charge. Further, with the operation

commencement from September 2024 and the debt repayment commencing in April 2025 (on a quarterly basis), the company has sufficient buffer time for the generation of net cash accruals for the repayment of debt.

The sanctioned fund-based limits are expected to provide cushion to the working capital cycle post commencement of operations. The unencumbered cash and bank balance stood at Rs.0.88 Cr as on March 31, 2024 (prov).

However, the timely commencement of the project and the generation of expected cash accruals will be key rating sensitivity factors.

### **Outlook: Stable**

Acuité believes that GRSIPL will maintain a 'Stable' outlook on the basis of the positive outlook in the steel industry completion of project and no demand/offtake risk. The outlook may be revised to 'Positive' in case of timely stabilisation of operations with generation of expected turnover. Conversely, the outlook may be revised to 'Negative' in case of slippages in commencement of operations.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	5.82	1.89
PAT	Rs. Cr.	0.31	0.01
PAT Margin	(%)	5.31	0.41
Total Debt/Tangible Net Worth	Times	1.81	0.00
PBDIT/Interest	Times	15.21	121.33

### 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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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
30 Aug 2023	Term Loan	Long Term	66.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	75.00	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.56	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	4.44	ACUITE BBB-   Stable (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 avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.00	ACUITE BBB   Stable   Upgraded ( 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.	Simple	0.44	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2034	Simple	66.00	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Mar 2033	Simple	75.56	ACUITE BBB   Stable   Upgraded ( from ACUITE BBB- )

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

Sr.No.	Company Name
1	G R Integrated Steel Private Limited
2	N R Sponge Private Limited
3	G R Sponge and Power Limited

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Thejaswini P V Manager-Rating Operations Tel: 022-49294065 <a href="mailto:thejaswini.pv@acuite.in">thejaswini.pv@acuite.in</a>	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.