



Press Release

Agrawal Sponge Private Limited

January 16, 2024

Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	27.50	IVR BBB-; Negative; ISSUER NOT COOPERATING* (IVR Triple B Minus with Negative outlook; ISSUER NOT COOPERATING)	Revised from IVR BBB+; Stable and moved to ISSUER NOT COOPERATING category	Simple
Short Term Bank Facilities	12.50	IVR A3; ISSUER NOT COOPERATING* (IVR A Three; ISSUER NOT COOPERATING)	Revised from IVR A2 and moved to ISSUER NOT COOPERATING category	Simple
Total	40.00 (Rupees Forty crore only)			

**Issuer did not cooperate; based on best available information*

Details of Facility are in Annexure 1

Detailed Rationale

Earlier the ratings assigned to the bank facilities of Agrawal Sponge Private Limited (ASPL) take cognizance of the close operational & financial linkages between ASPL and its group concerns, Rashmi Sponge Iron and Power Industries Pvt Ltd and Vraj Metaliks Pvt Ltd and Infomerics has taken a combined view on these entities referred together as Rashmi Sponge group. However, currently, due to family separation of the promoters, ASPL ceased to be a part of Rashmi Sponge group. Consequently, analytical approach has been changed from combined to standalone.

The revision in ratings assigned to the bank facilities of Agrawal Sponge Private Limited's (ASPL) is because of non-cooperation by the company despite repeated follow ups and lack of adequate information leading to information availability risk and hence uncertainty around its credit risk. The outlook remained negative due to information availability risk. Infomerics



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assesses whether the information available about the company is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated December 11, 2023 and December 15, 2023, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted all the essential details required for detailed review of the assigned ratings.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the ratings assigned to the bank loan facilities aggregating to Rs.40.00 crore of Agrawal Sponge Private Limited shall be moved to 'ISSUER NOT COOPERATING' category by Infomerics and the long-term rating will be noted as IVR BBB-; Negative; Issuer Not Cooperating; Based on best available information (IVR Triple B Minus with Negative outlook; Issuer Not Co-operating; Based on best available information) and the short-term rating will be noted as IVR A3; Issuer Not Cooperating; Based on best available information (IVR A Three; Issuer Not Co-operating; Based on best available information). The negative outlook is assigned due to information availability risk.

Analytical Approach: Standalone

Reason for change in approach: Earlier the ratings assigned to the bank facilities of Rashmi Sponge Iron and Power Industries Pvt Ltd (RSIPPL) take cognizance of the close operational & financial linkages between RSIPPL and its group concerns, Agrawal Sponge Private Limited and Vraj Metaliks Pvt Ltd and Infomerics has taken a combined view on these entities referred together as Rashmi Sponge group. However, currently, due to family separation of the promoters, RSIPPL ceased to be a part of Rashmi Sponge group. Hence, analytical approach has been changed from combined to standalone.

Applicable Criteria

[Guidelines on what constitutes Non-Cooperation by clients](#)



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[Criteria of assigning Rating outlook](#)

[Rating Methodology for manufacturing companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy of default recognition](#)

Liquidity: Unable to comment due to non-availability of information despite repeated follow ups.

About the company

Agrawal Sponge Private Limited (ASPL) was incorporated in 2004 and it was taken over by the current promoters in 2012. At Present the company is operating with an installed capacity of 66000 MTPA for manufacturing of sponge iron. The manufacturing unit is located in Raipur, Chhattisgarh.

Financials (Standalone): Latest Financials not available

For the year ended/ As on*	(Rs. Crore)	
	31-03-2021	31-03-2022
	Audited	CA Certified
Total Operating Income	118.31	184.78
EBITDA	7.73	12.28
PAT	2.88	6.30
Total Debt	35.13	33.21
Tangible Net Worth	21.18	27.48
EBITDA Margin (%)	6.53	6.64
PAT Margin (%)	2.42	3.40
Overall Gearing Ratio (x)	1.66	1.21

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Acuite ratings vide its press release date January 08, 2024 has moved the rating to issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (November 09, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Cash Credit	Long Term	27.50	IVR BBB-; Negative; Issuer Not Cooperating*	IVR BBB+; Stable	-	-
2.	Letter of Credit	Short Term	12.50	IVR A3; Negative; Issuer Not Cooperating*	IVR A2	-	-

* Issuer did not cooperate; based on best available information

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	27.50	IVR BBB-; Negative; ISSUER NOT COOPERATING*
Letter of Credit	-	-	-	12.50	IVR A3; ISSUER NOT COOPERATING*

**Issuer did not cooperate; based on best available information*

Annexure 2: Facility wise lender details: Not Available

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>