



Press Release

Agrasen Ispat Private Limited

February 12, 2025

Ratings

Security / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	32.02 (reduced from 34.37)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	5.42 (reduced from 8.46)	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating reaffirmed	Simple
Short Term Bank Facilities – OD	0.00	Withdrawn	IVR A3 (IVR A Three)	Rating withdrawn	Simple
Total	37.44 (Rupees Thirty- seven crore and fourty-four lakh only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

For arriving at the ratings, Infomerics Ratings has combined the financial risk profiles of Agrasen Ispat Private Limited (AIPL), Hindustan Loha Limited, Pushpganga Minerals LLP, M/S Shree Shakti Iron & Alloys Pvt. Ltd and M/s Black Gold Minerals referred together as Agrasen group (Trading) as these entities are under a common management and have strong financial and operational linkages and cash flow fungibility. The reaffirmation of the rating assigned to the bank facilities of AIPL continues to derive comfort from the parentage of the Agrasen group, strong support from group synergy and established marketing arrangements of the group with reputed clientele. Further, the ratings also consider stable financial risk profile of the Agrasen group (Trading) marked by its moderate capital structure with moderate debt protection metrics. However, these rating strengths remain constrained due to exposure to intense competition, thin profit margin, working capital intensive nature of its operations and exposure to cyclical in steel industry.

The stable outlook reflects that the business performance of the group will continue to remain stable in the medium term driven by increased demand of metals and minerals in the domestic and international markets.

Infomerics Ratings has withdrawn the rating assigned to the short-term bank facilities (overdraft) of AIPL with immediate effect. The above action has been taken at the request of



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the company and No Due Certificate (NDC) issued by the lender. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained growth in operating income, operating margin, and cash accrual.
- Improvement in the capital structure with improvement in the debt protection metrics.
- Manage working capital requirements efficiently leading to improvement in liquidity position.

Downward Factors

- Moderation in operating income and/or moderation in cash accrual impacting the debt protection metrics on a sustained basis
- Moderation in the capital structure with deterioration in the overall gearing to over 2x.
- Moderation in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Parentage of the Agrasen group and strong support from group synergy

The Agrasen group is founded by one Agrawal family of Raipur, Chhattisgarh. The group has vast experience in the manufacturing and trading of steel products through various entities under its fold. The Agrawal family started their business operations with trading of steel products and gradually ventured in manufacturing operations in 2002. Currently, the Agrasen group has two business verticals – Trading and Manufacturing. Under manufacturing vertical, the group is engaged in manufacturing of steel wires, Ms. Ingot, Billets and steel rolled products. Under trading vertical, the group is engaged in trading of various steel products, minerals and coal. Engagement in both manufacturing and trading operations provides strong operational synergy to the group entities. Furthermore, as a part of larger Agrasen group the entities enjoys a strong financial flexibility.

Established marketing arrangements with stable operating performance

The Agrasen group has its own established marketing arrangements with various steel products dealers on the back of its more than a decade long operation in the steel trading/manufacturing segment. With an established presence, the combined total operating income (TOI) of the trading entities of the group improved from Rs.1497.52 crore in FY23 (FY



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refers to the period from April 1 to March 31) to Rs.1507.03 crore in FY24 on account of increase in volume sales. On a standalone basis, AIPL has achieved TOI of Rs.229.27 crore in FY24. The business performance of the group has witnessed improvement in H1FY25 underpinned by increase in average sales realisation on the back of improvement in the steel market. In H1FY25, the group has achieved a revenue of Rs.701.32 crore.

Reputed clientele

The trading entities of the Agrasen Group are empanelled vendors of large companies like RIL, L&T, Indian Railways, GAIL, BHEL, ONGC and NALCO and supplies varied grades of iron and steel products.

Stable financial risk profile marked by moderate capital structure and moderate debt protection metrics

The combined tangible net worth including quasi equity stands at Rs.97.59 crore as on March 31, 2024. Long term debt to equity and overall gearing based on tangible net worth including quasi equity continues to remain moderate at 0.38x and 1.91 respectively as on March 31, 2024 (0.33x and 2.16x respectively as on March 31, 2023). The improvement in gearing is due to accretion of profit to reserves. The interest coverage ratio continues to remain moderate at 1.53x in FY24 against 1.85x in FY23. Total debt to EBITDA also remained moderate at 5.40x as on March 31, 2024.

On a standalone basis, capital structure and debt protection metrics of the company stands comfortable with overall gearing of 0.82x as on March 31, 2024 and interest coverage of 1.29x in FY24.

Key Rating Weaknesses

Exposure to intense competition

Steel trading operations are highly competitive due to the presence of many organized and unorganized players in the industry which restrict the profitability and pricing flexibility of the Agrasen group (Trading) to a large extent.

Thin profit margin

The trading entities of the Agrasen group operate with a thin margin due to the less value additive nature of their operations and intense competition in the operating spectrum. The EBITDA margin of the group remained thin, and range bound between 2%- 3% and the PAT margin remained below 1% over the last three years.

Working capital intensive nature of operations



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The operations of the group are working capital intensive. However, the group has satisfactory working capital management.

Cyclical in steel industry

The steel industry is highly cyclical. Steel prices fluctuate based on macro-economic factors, including, amongst others, consumer confidence, employment rates, interest rates and inflation rates, general levels of infrastructure activities in the region of sale, etc. Adverse volatility in steel prices will have an adverse effect on the group's performance in view of its direct linkage to the fortunes of Steel industry.

Analytical Approach: Combined

For arriving at the rating, Infomerics has combined the financial risk profiles of Agrasen Ispat Private Limited, Hindustan Loha Limited, Pushpganga Minerals LLP, Shree Shakti Iron & Alloys Pvt. Ltd and Black Gold Minerals referred together as Agrasen group (Trading) as these entities are under a common management and have strong financial & operational linkages and cash flow fungibility. The list of entities considered for consolidation are given in Annexure 4.

Applicable Criteria:

[Rating Methodology for Trading Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Criteria on Consolidation of Companies](#)

Liquidity – Adequate

The Agrasen group (Trading) had generated a gross cash accrual of ~ Rs.9.16 Cr as against repayment obligation of Rs.6.34 crore in FY24. Further, the group is also expected to generate steady cash accrual over the near medium term within the range of Rs.12.63 crore to Rs.15.35 crore against its repayment obligation of Rs.4.34 crore to Rs.8.23 crore during FY25- FY27. Further, the group has moderate gearing headroom marked by its moderate gearing ratio at 1.91x as on March 31, 2024. However, the resourcefulness of the promoters of Agrasen group is also expected to support the liquidity of the group.

About the Company

Incorporated in 2007, Raipur, Chhattisgarh based Agrasen Ispat Private Limited (AIPL) is a part of Agrasen Group and is engaged in trading of MS Channel, MS Beam/Joist, and RSJ



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poles, TMT Bars, Round Bars, HR Coils, Pipes, Rails and other Steel Products. The company has also started trading of imported coal from April 2018 onwards. AIPL has 5 godowns, one in Raipur and four in Navi Mumbai and has branch offices in Mumbai, Indore, Rajasthan, Allahabad and Hyderabad. Presently, AIPL is managed and operated by the Agrawal family of the Agrasen Group of Raipur having an experience of over 15 years in the steel industry. With integrated manufacturing facilities, the group has presence in sponge iron, billet and rolled products. Currently, the operations of the company are looked after by a five-member Board of Directors, who are members of the Agrawal family and have adequate experience in the sector.

About the Group

The Agrasen group is founded by the one Agrawal family of Raipur, Chhattisgarh. The group has vast experience in the manufacturing and trading of steel products through various 5 entities under its fold. The Agrawal family started their business operations with trading of steel products and gradually ventured in manufacturing operations in 2002. Currently, the Agrasen group has two business verticals – Trading and Manufacturing. Under manufacturing vertical, the group is engaged in manufacturing of steel wires, Ms. Ingot, Billets and steel rolled products. Under trading vertical the group is engaged in trading of various steel products, minerals and coal.

Financials (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	179.17	229.27
EBITDA	6.23	6.61
PAT	1.99	1.82
Total Debt	37.14	21.34
Tangible Net worth	21.92	23.75
Adjusted Tangible Net Worth	24.71	25.98
EBITDA Margin (%)	3.48	2.88
PAT Margin (%)	1.10	0.79
Overall Gearing Ratio (x)	1.50	0.82
Interest Coverage Ratio (x)	1.32	1.29

**Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: The ratings of Agrasen Ispat Private Limited continue to remain under Issuer Not Cooperating category by CARE Edge Ratings as per Press Release dated October 24, 2024 due to unavailability of information.



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Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Jan 08, 2024	May 24, 2023	Apr 04, 2022	Oct 14, 2021
1.	Cash Credit	Long Term	29.50	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BB+/INC/Stable
2.	GECL	Long Term	2.52	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-	-
3.	Overdraft	Short Term	0.00	Withdrawn	IVR A3	IVR A3	-	-
4.	EDFS	Short Term	1.42	IVR A3	IVR A3	IVR A3	-	-
5.	Bank Guarantee	Short Term	4.00	IVR A3	IVR A3	IVR A3	IVR A3	IVR A4+/INC

Analytical Contacts:

Name: Nidhi Sukhani

Tel: (033) 46022266

Email: nsukhani@infomerics.com

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

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.

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



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For more information and definition of ratings please 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: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	29.50	IVR BBB- /Stable
GECL	-	-	-	-	2.52	IVR BBB- /Stable
EDFS	-	-	-	-	1.42	IVR A3
Bank Guarantee	-	-	-	-	4.00	IVR A3
Overdraft	-	-	-	-	-	Withdrawn

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-agrasen-ispac-feb25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Entities	Consolidation Approach
Agrasen Ispat Pvt Ltd	Full Consolidation
Pushpganga Minerals LLP	Full Consolidation
Hindusthan Loha Limited	Full Consolidation
Shree Shakti Iron & Alloys Pvt. Ltd	Full Consolidation
Black Gold Minerals	Full Consolidation



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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 www.infomerics.com.

