



Press Release

Agrawal Channel Mills Private Limited

September 23, 2025

Rating

Security Facility /	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	55.32 (enhanced from Rs. 44.90 crore)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	IVR BBB/ Stable (IVR Triple B with Stable outlook)	Rating upgraded	Simple
Total	55.32 (Rupees Fifty-five crore and thirty-two 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.

Detailed Rationale

The upgrade in the rating assigned to the bank facilities of Agrawal Channel Mills Private Limited (ACMPL) considers improvement in profitability of the company leading to improvement in debt protection metrics in FY25 (FY refers to the period from April 1 to March 31) coupled with completion of capex which is expected to support the profitability further in the near term. Moreover, the rating continues to derive comfort from experience of the promoters of ACMPL, locational advantage of the plant, agreement with Kamdhenu Limited (KL) along with established relationship between ACMPL with KL, adequate capital structure coupled with improvement in debt protection parameters. However, these rating strengths remain constrained due to volatility in raw material prices, presence in highly competitive & fragmented industry and exposure to cyclicity in the steel industry.

Infomerics Ratings has assigned stable outlook on account of its stable business performance of the company underpinned by recently completed capex with healthy demand of its manufactured product supported by its experienced promoters.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operation with improvement in profitability on a sustained basis
- Improvement in the capital structure and/or improvement in the debt protection metrics
- Efficient working capital management with improvement in liquidity



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Downward Factors

- Growth in scale of operation with improvement in profitability on a sustained basis
- Improvement in the capital structure and/or improvement in the debt protection metrics
- Efficient working capital management with improvement in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Completion of capex to support the profitability

The company has completed its capex to install an induction furnace and modifying / upgrading the existing Rolling Mill facility in August 31, 2025. The said capex is expected to support the profitability going forward.

Stable business performance with improvement in profitability

The total operating income (TOI) of the company witnessed a marginal y-o-y improvement by ~1.37% from Rs. 591.64 crore in FY24 (FY refers to the period from April 01 to March 31) to Rs.599.73 crore in FY25 (Prov.) on account of increase in sales volume with respect to MS Billet, M.S. Channel, MS Flat and MS Round. Notwithstanding the marginal growth in the scale of operations the profit levels of the company has improved. Moreover, the EBITDA margin also improved from 2.48% in FY24 to 3.58% in FY25 (prov.) due to decrease in raw material consumption cost and better absorption of fixed overhead attributable to increase in capacity utilisation. PAT margin moved in line with EBITDA margin and improved to 1.63% in FY25 (Prov.) from 1.07% in FY24 owing to decline in finance charges. Aided by improvement in profitability, net cash accruals (NCA) have also improved to Rs.13.78 crore in FY25 (Prov.). In Q1FY26, ACMPL reported a revenue of Rs.200.55 crore with EBITDA margin of 2.84%.

Adequate capital structure coupled with improvement in debt protection parameters

The promoters have infused fresh subordinated unsecured loans amounting to Rs.12.89 crore during FY25 for funding of capex and to support the business operations. The tangible net worth (ATNW) of the company stood at Rs.66.15 crore [after considering total subordinated unsecured loans amounting to Rs.23.86 crore in FY25 (Prov.) as quasi equity]. The capital structure of the company marked by long term debt equity ratio and overall gearing ratio continues to remain comfortable at 0.26x and 0.75x respectively as on March 31, 2025 (Prov.). The debt protection metrics marked by interest coverage improved to 5.05x in FY25 (Prov.) from 3.23x in FY24 driven by increase in absolute EBITDA and decline in finance charges. Also, Total debt to EBITDA and Total debt to NCA improved from 2.89x and 4.33 years



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respectively as on March 31, 2024 to 2.31x and 3.60 years respectively as on March 31, 2025 (Prov.).

Experienced promoters

The company is being managed by experienced directors. The directors of the company namely Mr. Banke Bihari Agrawal and Mr. Rajendra Kumar Agrawal have more than a decade of experience in Iron and Steel industry. Having operated in industry since years now, the management has established a strong network with suppliers and customers.

Synergy benefit from being a part of Laxmikripa group

ACMPL is the flagship company of Laxmikripa group, which is into the manufacturing and trading of mild steel and structural products, such as angles, beams, coils, wires, pipes and channels through its various companies for more than a decade. Being part of an established group, the company enjoys higher bargaining power against its suppliers and customers.

Locational advantage

The manufacturing facility of ACMPL is located in Raipur, Chhattisgarh which is known as steel hub and is in close proximity to various manufacturers of sponge iron, pig iron and iron scrap, the main raw materials for manufacturing of its products. Accordingly, availability and sourcing of raw materials is not an issue for the company.

Agreement with Kamdhenu Limited (KL) along with established relationship between ACMPL with KL

ACMPL has an established relationship with KL. ACMPL manufactures MS Angle, channels under the brand "Kamdhenu" under respective franchise agreements with KL. In view of its established relationship with KL, the risk of nonrenewal of contract is less.

Key Rating Weaknesses

Susceptibility of profitability to volatile input prices

The raw material [i.e. sponge iron, pig iron and iron scrap] is the largest component of total cost of sales of steel products. Given that the prices of raw materials are volatile in nature, ACMPL's profitability is susceptible to fluctuation in raw-material prices.

Presence in highly competitive & fragmented industry

The spectrum of the steel industry in which the company operates is highly fragmented and competitive due to presence of numerous players in India owing to relatively low entry barriers. Hence, the players in the industry do not have pricing power and are exposed to the prices fixed by the industry giants.



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Exposure to 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 firm's performance in view of its direct linkage to the fortunes of Steel industry. However, the outlook for the steel industry in the short to medium term appears to be good as the steel prices have hardened in the recent past, coupled with robust demand in the domestic market.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

Liquidity – Adequate

ACMPL has earned a gross cash accrual of Rs.13.78 crore in FY25 (Prov.). Further the company is expected to earn gross cash accrual in the range of ~Rs.14.91 – 15.62 crore as against its debt repayment obligations in the range of ~Rs.3.68 to 2.76 crore during FY26-28. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. Further, the average cash credit utilisation of the company remained moderate at ~69% during the past 12 months ended March 2025 indicating adequate liquidity cushion.

About the Company

Incorporated in 2006 by Prakash Madanlal Agrawal and Anju Agrawal, ACMPL is engaged in manufacturing billets and rolled products (MS Angle, channels, beams, etc.) with an installed capacity of 150,000 MTPA for billets and 150,000 MTPA for rolled products.



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Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	591.64	599.73
EBITDA	14.67	21.47
PAT	6.32	9.82
Total Debt	42.41	49.63
Tangible Net Worth	56.16	66.15
EBITDA Margin (%)	2.48	3.58
PAT Margin (%)	1.07	1.63
Overall Gearing Ratio (x)	0.76	0.75
Interest Coverage (x)	3.23	5.05

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: The ratings of ACMPL has been continued to be classified under Issuer Not Cooperating category by CARE EDGE ratings and INDIA ratings as per Press Release dated November 29, 2024, and June 25, 2025, respectively due to unavailability of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-2025	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-23
					July 18, 2024	June 12, 2023	-
1.	Term Loan	Long Term	13.66 [^]	IVR BBB+/Stable	IVR BBB; Stable	IVR BBB; Stable	-
2.	GECL	Long Term	1.66 [^]	IVR BBB+/Stable	IVR BBB; Stable	IVR BBB; Stable	-
3.	Cash Credit	Long Term	40.00	IVR BBB+/Stable	IVR BBB; Stable	IVR BBB; Stable	-

[^]Outstanding as on May 31, 2025

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About Infomerics:

Infomerics Valuation and Rating Ltd [Formerly Infomerics Valuation and Rating Private Ltd] 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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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
Term Loan	-	-	-	FY31	13.66	IVR BBB+/ Stable
GECL	-	-	-	February 2029	1.66	IVR BBB+/ Stable
Cash Credit	-	-	-	-	40.00	IVR BBB+/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-AgrawalChannel-sep25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: 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 www.infomerics.com.