

Press Release

Shah Sponge & Power Limited

April 30, 2019

Rating Update



Total Bank Facilities Rated*	Rs. 48.00 Cr. #
Long Term Rating	ACUITE BBB Issuer non-cooperating*
Short Term Rating	ACUITE A3+ Issuer non-cooperating*

Refer Annexure for details

* The issuer did not co-operate; Based on best available information.

Rating Rationale

Acuité has reviewed the long term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) and short term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs. 48.00 crore bank facilities of Shah Sponge & Power Limited (SSPL). This rating is now an indicative rating and is based on best available information.

Incorporated in 2005, Shah Sponge & Power Limited is a Jharkhand based company engaged in the manufacturing of sponge iron & billets. The company is part of the Shah Group which is engaged in iron ore mining in Karampada Forest Area in Jharkhand with mining area of 233.99 hectares with installed capacity of 8,00,000 MT per annum. The mining operations are being managed by Shah Brothers (SB) - a partnership firm established in 1972. The group was promoted by Shah family of Jharkhand. Currently the group is managed by Mr. Raj Kumar Shah and Mr. Shyam Sundar Shah.

Non-cooperation by the issuer/borrower:

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition-<https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities-<https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Consolidation - <https://www.acuite.in/criteria-consolidation.htm>

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

	Unit	FY17(Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	300.76	282.55	338.91
EBITDA	Rs. Cr.	37.49	26.59	54.43
PAT	Rs. Cr.	15.19	29.71	1.33
EBITDA Margin	(%)	12.46	9.41	16.06
PAT Margin	(%)	5.05	10.52	0.39
ROCE	(%)	19.62	14.17	70.09
Total Debt/Tangible Net Worth	Times	0.90	1.28	1.65
PBDIT/Interest	Times	4.13	2.61	5.36
Total Debt/PBDIT	Times	2.32	3.21	1.55
Gross Current Assets (Days)	Days	137	143	124

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
05-Feb-18	Cash Credit	Long Term	15.00	ACUITE BBB/Stable (Assigned)
	Term Loan	Long Term	20.00	ACUITE BBB/Stable (Assigned)
	Letter of Credit	Short Term	13.00	ACUITE A3+ (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB Issuer not co-operating*
Term Loan	Not Applicable	Not Applicable	Not Applicable	20.00	ACUITE BBB Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE A3+ Issuer not co-operating*

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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