



## Press Release

Maa Mangla Ispat Private Limited

October 12, 2023

### Rating Downgraded and Issuer not co-operating

| Product                               | Quantum<br>(Rs. Cr) | Long Term Rating                                      | Short Term<br>Rating |
|---------------------------------------|---------------------|---|----------------------|
| Bank Loan Ratings                     | 135.00              | ACUITE BB+   Downgraded   Issuer<br>not co-operating* | -                    |
| Total Outstanding<br>Quantum (Rs. Cr) | 135.00              | -   | -                    |

## Rating Rationale

### Rating Rationale

Acuite has downgraded a long term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) to the Rs 135.00 crore bank facilities of Maa Mangla Ispat Private Limited. The rating is now flagged as "Issuer Not Cooperating" based the best available information. It has been downgraded on account of information risk.

Acuite had sent repeated reminders to the company for sharing critical information and documents for surveillance of the ratings; but, despite multiple requests; the company's management has remained non-cooperative in providing any information. However, the banker has provided their feedback that the conduct of the account is satisfactory.

### About the Company

Incorporated in 2004, Maa Mangla Ispat Private Limited (MMIPL) is a subsidiary of B. R. Sponge & Power Private Limited and currently promoted by Mr. Harshvardhan Garg, Mr. Shashank Garg and Mr. Rohit Agarwal. The company has an installed capacity of 60,000 metric tonne per annum (MTPA) for manufacturing sponge iron, with facility located in Raigarh.

### About the Group

Incorporated in 2003, B. R. Sponge & Power Limited (BRSPL), is engaged in manufacturing of sponge iron and promoted by Mr. Harshvardhan Garg, Mr. Shashank Garg and Mr. Rohit Agarwal. The manufacturing unit of the company is located at Rajamunda, Dist-Sundargarh, Rourkela, Odisha with an installed capacity of 60000 metric tons per annum (MTPA). It acquired acquired the sick unit of MMIPL in 2016.

In 2018, B. R. Sponge & Power Limited (BRSPL) also acquired another sick unit-Maa Shakambari Steel Limited (MSSL), which is also engaged in the manufacturing of sponge iron and MS ingots. Its manufacturing facility is located at the village of Sambalpuri in the Raigarh district of Chhattisgarh. The installed capacities of sponge iron and MS ingots are 60,000 MTPA and 30,000 MTPA respectively.

### Non-cooperation by the issuer/borrower

Acuite 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 the due date. Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as “Issuer not-cooperating”, in line with prevailing SEBI regulations and Acuité's policies.

**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 ratings based.

**Rating Sensitivities**

"No information provided by the issuer / available for Acuite to comment upon."

**All Covenants**

None

**Liquidity Position**

"No information provided by the issuer / available for Acuite to comment upon."

**Outlook**

None

**Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 22 (Provisional) | FY 21 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income              | Rs. Cr. | 507.08              | 468.58         |
| PAT                           | Rs. Cr. | 61.52               | 46.29          |
| PAT Margin                    | (%)     | 12.13               | 9.88           |
| Total Debt/Tangible Net Worth | Times   | 0.61                | 0.23           |
| PBDIT/Interest                | Times   | 21.57               | 24.09          |

### Status of non-cooperation with previous CRA

Not Applicable

### Any other information

Acuite is yet to receive the latest No Default statement from the rated entity despite repeated requests and followups.

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.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](https://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities | Term      | Amount (Rs. Cr) | Rating/Outlook                 |
|-------------|--------------------------------|-----------|-----------------|--------------------------------|
| 02 Aug 2022 | Cash Credit                    | Long Term | 26.00           | ACUITE BBB   Stable (Assigned) |
|             | Proposed Bank Facility         | Long Term | 106.00          | ACUITE BBB   Stable (Assigned) |
|             | Working Capital Term Loan      | Long Term | 3.00            | 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  |
|---------------------|----------------|----------------------------------|------------------|----------------|----------------|------------------|-------------------|---|
| State Bank of India | Not Applicable | Cash Credit                      | Not Applicable   | Not Applicable | Not Applicable | Simple           | 26.00             | ACUITE BB+<br> <br>Downgraded<br>  Issuer not co-operating* |
| State Bank of India | Not Applicable | Covid Emergency Line.            | Not Applicable   | Not Applicable | Not Applicable | Simple           | 3.00              | ACUITE BB+<br> <br>Downgraded<br>  Issuer not co-operating* |
| Not Applicable      | Not Applicable | Proposed Long Term Bank Facility | Not Applicable   | Not Applicable | Not Applicable | Simple           | 106.00            | ACUITE BB+<br> <br>Downgraded<br>  Issuer not co-operating* |

## Contacts

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|---|--|
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### 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.

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