



Press Release

MB Sponge & Power Limited

November 24, 2020

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	11.20	IVR BB; Issuer Non-Cooperating * (IVR Double B; Issuer Not Cooperating)	Revised from IVR BB+/Positive Outlook (IVR Double B Plus with Positive Outlook) and Moved to Issuer Not Cooperating
Short Term Bank Facilities	6.10	IVR A4; ISSUER NOT COOPERATING* (IVR A Four; Issuer Not Cooperating)	Revised from IVR A4+ (IVR A Four Plus) and Moved to Issuer Not Cooperating
Total	17.30 (Rs. Seventeen Crore and Thirty Lakhs Only)		

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

Details of Facility are in Annexure 1

Detailed Rationale

The rating revision is because of lack of adequate information regarding MB Sponge & Power Limited's performance and hence the uncertainty around its credit risk. Infomerics 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 August 19th, 2020, Nov 2nd, 2020 and Nov 9th, 2020 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted surveillance fees and all the essential details required for detailed review of the assigned ratings.



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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 long- term and short-term ratings for the bank loan facilities of MB Sponge & Power Limited aggregating to Rs.17.30 crore shall be moved to the 'ISSUER NOT COOPERATING' category by Infomerics and the rating be noted as "IVR BB; Issuer Not Co-operating / IVR A4; Issuer Not Co-operating; Based on best available information (IVR Double B and IVR A Four: Issuer Not Co-operating; Based on best available information)".

Analytical Approach & Applicable Criteria:

Standalone

Guidelines on what constitutes Non-Cooperation by clients

Rating Methodology for Manufacturing companies

Financial Ratios & Interpretation (Non-Financial Sector)

About the Company

MB Sponge & Power Limited (MBSPL), incorporated in September 2004, is engaged in the manufacturing of Sponge Iron and belongs to the one Agarwal family based out of Bardhaman, West Bengal with Mr. Shankarlal Agarwal being the main promoter. The Agarwal family is actively involved in the steel sector from last 30 years through various companies under its fold. All the Promoters and Directors of MBSPL are fully equipped with the knowledge of Iron & Steel Industry and in the activity since 1993.

MBSPL commenced its operations in March 2006. The company is engaged in the manufacturing of sponge iron. The plant of the company is located at Burdwan which is in close proximity of various steel plants and raw material suppliers with a current installed capacity of 60,000 metric tonne per annum (MTPA). Besides, MBSPL also used to acts as a commission agent for selling tyres and D.I. pipes for Ritesh Tradefin Limited (group company) which accounted for about 0.24% of the total operating income in FY18 (nil in FY19).



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Financials (Standalone)

(Rs. Crore)

For the year ended* / As on	31-03-19	31-03-2020
	Audited	Provisional
Total Operating Income	110.27	98.15
Interest	1.71	1.96
PAT	4.06	1.82
Tangible Net worth	29.40	31.21
Ratios		
PAT Margin	3.68	1.85
Overall Gearing Ratio	0.59	0.95

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	11.20	IVR BB; ISSUER NOT COOPERATING*	IVR BB+ /Positive Outlook (September 03, 2019)	-	-
2.	Overdraft	Short Term	0.40	IVR A4; ISSUER NOT COOPERATING*	IVR A4+ (September 03, 2019)	-	-
3.	Foreign LC(DP/DA)	Short Term	3.60	IVR A4; ISSUER NOT COOPERATING*	IVR A4+ (September 03, 2019)	-	-
4.	Inland LG	Short Term	2.10	IVR A4; ISSUER NOT COOPERATING*	IVR A4+ (September 03, 2019)	-	-

* Issuer did not cooperate; based on best available information



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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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Firm's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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, suspend 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.



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Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Limits- Cash Credit cum LC	-	-	-	11.20	IVR BB; ISSUER NOT COOPERATING*
Short Term Fund Based Limits- Overdraft	-	-	-	0.40	IVR A4; ISSUER NOT COOPERATING*
Short Term Non-Fund Based Limits- Foreign LC (DP/DA)	-	-	-	3.60	IVR A4; ISSUER NOT COOPERATING*
Short Term Non-Fund Based Limits- Inland LG	-	-	-	2.10	IVR A4; ISSUER NOT COOPERATING*

* Issuer did not cooperate; based on best available information