



Press Release

Sambhv Sponge Power Private Limited [SSPPL]

April 05, 2021

Ratings

Facilities/ Instruments	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action
Long Term Fund Based Facility - Cash Credit	47.00 (Enhanced from Rs. 17.00 crore)	IVR BB+; INC (IVR Double B Plus; Issuer Not Cooperating)*	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)	Downgraded and moved to ISSUER NOT COOPERATING category
Long Term Fund Based Facility - Term Loan	71.00 (Enhanced from Rs. 32.50 crore)	IVR BB+; INC (IVR Double B Plus; Issuer Not Cooperating)*	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)	Downgraded and moved to ISSUER NOT COOPERATING category
Short Term Non- Fund Based Facility – Letter of Credit	9.50	IVR A4; INC (IVR A Four; Issuer Not Cooperating)*	IVR A3 (IVR A Three)	Downgraded and moved to ISSUER NOT COOPERATING category
Total	127.50 (One Hundred and twenty seven crore and fifty lakh)			

**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 Sambhv Sponge Power Private Limited and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.



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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 entity, despite the downgrade.

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 emails December 16, 2020 and March 17, 2021 and telephonic follow ups. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details/information for surveillance exercise.

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 bank loan ratings aggregating to INR 127.50 Crore of Sambhv Sponge Power Pvt. Ltd. (SSPPL) 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.

Analytical Approach : Consolidated Approach

For arriving at the rating, Infomerics had combined the business and financial risk profiles of 3 companies Ganpati Sponge Iron Private Limited (GSIPL), S. Pyarelal Ispat Private Limited (SPIPL), Sambhv Sponge Power Pvt Ltd (SSPPL) as they are in the same lines of business (As backward or forward integration), under a common management, and have financial linkages & legal linkages by way of corporate guarantee. All these companies are collectively referred as the Brijdham group.

(GSIPL & SPIPL had given the unconditional & unrecoverable corporate guarantee to SSPPL)

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients.



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About the Group

Brijdham Group started its journey in plastic industries with its manufacturing unit, Brijdham plastic in the year of 1992, Santoshi Nagar, Boriya Road, Raipur (C.G). Grinding of plastic scraps was the main vertical of the company at that time. A year later, M/S Goyal Plastics came into existence to manufacture plastic tubes and bags. The group was solely involved in the plastic business till 2004. Subsequently, the group ventured in steel by acquiring Ganpati Sponge Iron Pvt. Ltd. in November 2004. The businesses (various group companies) since then have been managed by the second generation (Mr. Suresh Goyal, Mr. Manoj Kumar Goyal, Mr. Ashish Goyal and Mr. Vikas Goyal: - sons of Mr. Brijlal Goyal of the Goyal family.

The group companies operating under Brijdham Group are Ganpati Sponge Iron Private Limited (GSIPL), S. Pyarelal Ispat Private Limited (SPIPL), Sambhv Sponge Power Private Limited.

About the Company

Sambhv Sponge Power Private Limited (SSPPL), incorporated in April 2017, is engaged in the manufacturing of Sponge Iron and belongs to the Brijdham group based out of Raipur. The facility of SSPPL is strategically located at Tehsil Tilda, in Raipur district, which is in close proximity of various steel plants and dealers of its main raw materials. The unit started its commercial operations in FY18 (March) with a capacity of 60,000 MTPA which has currently expanded to 2,12,000 MTPA. It was a brown field investment, funded by debt of Rs. 12.50 crore and promoters' infusion of Rs. 8.50 crore. The COD for the same was March 2018. The group has rich experience in steel and steel products for more than 15 years and its products range from ingots and billets to sponge iron and others. Sambhv Sponge has got a corporate guarantee from SPIPL as well as GSIPL.

Financials (Consolidated)

(INR Crore)

For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
Total Operating Income	323.30	565.38
EBITDA	12.04	36.52
PAT	2.06	15.07
Total Debt	57.38	86.09
Tangible Networkth	45.63	65.70



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For the year ended* / As On	31-03-2018 (Audited)	31-03-2019 (Audited)
EBITDA Margin (%)	3.72	6.46
PAT Margin (%)	0.64	2.66
Overall Gearing Ratio (x)	0.90	0.65

* Classification as per Infomerics' standards

Financial (Standalone)

(INR Crore)

For the year ended* / As On	31-03-2018** (Audited)	31-03-2019 (Audited)
Total Operating Income	10.20	186.83
EBITDA	0.60	17.28
PAT	0.32	5.88
Total Debt	12.50	41.39
Tangible Networth	19.08	29.95
EBITDA Margin (%)	5.93	9.25
PAT Margin (%)	2.33	3.15
Overall Gearing Ratio (x)	0.56	0.68

*Classification as per Infomerics' standards

**SSPPL was operational for only for one month (March) during FY18.

Status of non-cooperation with previous CRA: N.A.

Any other information: Nil

Rating History for last three years:

Sl. No	Name of Instrument/ Facility	Current Rating (Year: 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Rating assigned in 2019-20, (January 25, 2020)	Rating assigned in 2019-20, (January 16, 2020)	Rating assigned in 2018-19, (December 12, 2018)
1.	Long Term Fund Based Facility - Cash Credit	Long Term	17.00	IVR BB+; ISSUER NOT CO-OPERATING	IVR BBB-/ Stable outlook	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)	IVR BBB-(SO) / Stable (IVR Triple B Minus [Structured Obligation] with Stable Outlook)*



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2.	Long Term Fund Based Facility - Cash Credit	Long Term	30.00	IVR BB+; ISSUER NOT CO-OPERATING	IVR BBB-/ Stable outlook	--	
3.	Long Term Fund Based Facility - Term Loan	Long Term	11.00	IVR BB+; ISSUER NOT CO-OPERATING	IVR BBB-/ Stable outlook	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)	IVR BBB-(SO) / Stable (IVR Triple B Minus [Structured Obligation] with Stable Outlook)*
4.	Short Term Non-Fund Based Facility – Letter of Credit	Short Term	9.50	IVR A4; ISSUER NOT CO-OPERATING	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	IVR A3 (SO) (IVR Single A Three [Structured Obligation]) *
5.	Long Term Fund Based Facility - Term Loan	Long Term	21.50	IVR BB+; ISSUER NOT CO-OPERATING	IVR BBB-/ Stable outlook	IVR BBB-/ Stable outlook (IVR Triple B Minus with stable outlook)	--
6.	Long Term Fund Based Facility - Term Loan	Long Term	38.50	IVR BB+; ISSUER NOT CO-OPERATING	IVR BBB-/ Stable outlook	--	--

*Based on an unconditional and irrevocable corporate guarantee of S. Pyarelal Ispat Pvt Ltd

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. Company'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.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	--	47.00 (Enhanced from Rs. 17.00 crore)	IVR BB+; ISSUER NOT CO-OPERATING
Inland LC	--	--	--	9.50	IVR A4; ISSUER NOT CO-OPERATING
Term Loan	--	--	September 2024 to May 2025	71.00 (Enhanced from Rs. 32.50 crore)	IVR BB+; ISSUER NOT CO-OPERATING

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