

March 23, 2020

## Shree Shyam Sponge & Power Limited: Rating moved to issuer Non-Cooperating category, Ratings downgraded based on best available information

### Summary of rated instruments

Instrument <sup>^</sup>	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based Limit	10.00	10.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB- (Stable) and moved to 'Issuer Not Cooperating' category
Non-Fund Based Limits	(6.00)	(6.00) #	[ICRA]A4; ISSUER NOT COOPERATING*; Rating moved to 'Issuer Not Cooperating' category
<b>Total</b>	<b>10.00</b>	<b>10.00</b>	

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

*<sup>^</sup>Instrument details are provided in Annexure-1*

*# Sublimit of Cash Credit*

### Rationale

The rating downgrade is because of lack of adequate information regarding Shree Shyam Sponge & Power Limited's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". 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.

As part of its process and in accordance with its rating agreement with Shree Shyam Sponge & Power Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click here](#)

### About the company:

Incorporated in 2003, SSSPL was originally promoted by the Raipur-based Mahamaya Group. In March 2017, the company was acquired by the Sita Group. The company is currently managed by Mr. Manoj Agarwal and Mr. Sanjay Agarwal, who have experience of more than a decade in steel industry through another group company. SSSPL is involved in the sponge iron manufacturing business with an annual production capacity of 30,000 metric tonne (MT). The manufacturing facility of the company is located at Bachhera village in Raipur (Chhattisgarh).

### Key financial indicators:

	FY2017	FY2018*
Operating Income (Rs. crore)	13.5	57.7
PAT (Rs. crore)	-3.6	4.0
OPBDITA/OI (%)	-14.4%	11.7%
RoCE (%)	-33.2%	38.7%
Total Outside Liabilities/Tangible Net Worth (times)	4.1	3.2
Total Debt/OPBDITA (times)	-5.3	1.6
Interest Coverage (times)	-2.1	12.7
DSCR	-2.3	8.7

\*Source: - MCA

### Status of non-cooperation with previous CRA

Not applicable

### Any other information

Not applicable

## Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years			
		Type	Amount Rated	Amount Outstanding	Rating	FY2019	FY2018	FY2017
					23-Mar-2020	04-Sep-2018	-	01-Mar-2017
1	Cash Credit	Long Term	10.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB- (Stable)	-	[ICRA]BB- (Stable)
2	Letter of Credit	Short Term	(6.00) *	-	[ICRA]A4; ISSUER NOT COOPERATING	[ICRA]A4	-	[ICRA]A4

\*Sublimit of Cash Credit

## Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

## Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	10.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING
NA	Letter of Credit	-	-	-	(6.00)*	[ICRA]A4; ISSUER NOT COOPERATING

\*Sublimit of Cash Credit

Source: Shree Shyam Sponge & Power Limited

## Analyst Contacts

**K. Ravichandran**  
+91 44 4596 4301  
[ravichandran@icraindia.com](mailto:ravichandran@icraindia.com)

**Sujoy Saha**  
+91 33 7150 1184  
[sujoy.saha@icraindia.com](mailto:sujoy.saha@icraindia.com)

**Dhwani Vinchhi**  
+91-79-40271563  
[dhwani.vinchhi@icraindia.com](mailto:dhwani.vinchhi@icraindia.com)

**Satarupa Majumder**  
+91- 33-71501151  
[satarupa.majumder@icraindia.com](mailto:satarupa.majumder@icraindia.com)

## Relationship Contact

**Jayanta Chatterjee**  
+91 80 4332 6401  
[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited

### Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: [info@icraindia.com](mailto:info@icraindia.com)

Website: [www.icra.in](http://www.icra.in)

### Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

### Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

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